

STATE OF CONNECTICUT

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

For Fiscal Year Ended
June 30, 2010

***Prepared by the Office of the
State Comptroller***

**NANCY WYMAN
STATE COMPTROLLER**

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Office of the State Comptroller

The State Comptroller is one of the six State officers elected to hold office for a term of four years. The office of the State Comptroller was established in 1786 by an act of the General Assembly. The Constitutional Amendment of 1836 provided that the Comptroller be elected by the people in a manner similar to that of other State officers. Since 1838 this method has been in effect.

The Comptroller prescribes the mode of keeping and rendering all public accounts. She is required to adjust and settle all public accounts and demands, excepting grants and orders of the General Assembly. The Comptroller also renders a monthly accounting of the State's financial condition.

In addition, the Comptroller approves and records all obligations against the State. She maintains all official accounting records and is responsible for the employee payrolls for all State agencies, departments, and institutions. Her office administers all Retirement Systems other than Teachers' retirement. Additionally, the Comptroller administers numerous miscellaneous appropriations of the State.

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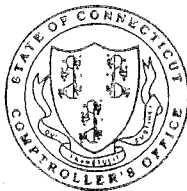
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Introductory Section

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STATE OF CONNECTICUT
OFFICE OF THE STATE COMPTROLLER
55 ELM STREET
HARTFORD, CONNECTICUT
06106-1775

Kevin Lembo
State Comptroller

Martha Carlson
Deputy Comptroller

January 28, 2011

To the Citizens, Constitutional Executive Officers, and Members of the Legislative General Assembly of the State of Connecticut:

It is a privilege to present the State of Connecticut Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

Even though much of this report must be written in a rather formal and technical manner, we hope we have designed it to help readers, without a specialized financial background, gain a reasonable understanding of the State's financial activities.

The State's largest governmental fund is the General Fund. This is the fund most often referred to in media reports about the Connecticut's fiscal health. Over three-quarters of all governmental financial transactions relating to the cost of providing State services and the collection of revenues to pay for those services occur within the General Fund.

A national recession that officially commenced in December 2007 produced a pattern of job losses in Connecticut beginning in March 2008. These job losses persisted until the start of calendar year 2010 and claimed 103,400 payroll positions. During calendar year 2010, Connecticut regained a modest 5,300 jobs. The stagnant employment conditions resulted in lackluster growth in tax revenues despite a number of tax increases totaling over \$800 million in Fiscal Year 2010. General Fund tax revenues grew by just 1.7 percent in Fiscal Year 2010 on the budgetary basis of accounting. This was well below the historical growth rate of over 5 percent annually. General Fund spending in Fiscal Year 2010 remained relatively flat in comparison to the prior year.

On the budgetary or modified cash basis of accounting, in Fiscal Year 2010 operating outlays exceeded annual operating revenues by \$843.1 million. The operating shortfall in the General Fund was more than offset by net transfers of \$1,323.6 million. Budget Reserve Fund transfers represented \$1,278.5 million of the total Fiscal Year 2010 transfer activity. After adjusting for transfers and other miscellaneous activity, the General Fund ended Fiscal Year 2010 with a surplus of \$449.9 million. The surplus was reserved for Fiscal Year 2011.

On a GAAP or modified accrual accounting basis, the Fiscal Year 2010 General Fund budgetary surplus of \$449.9 million became an operating deficit of \$172.8 million. The adjustment from surplus to deficit is explained in large part by the fact that on the GAAP accounting basis revenue accruals were reduced by \$155.7 million and additional payables and other liabilities were increased by \$168.7 million. CAFR- Note 2, Budgetary vs. GAAP Basis of Accounting details the major adjustments in the conversion of the budgetary basis of accounting to GAAP's modified accrual basis.

In recent years when the State realized a revenue windfall, over half of that amount was reserved for future year spending and the remainder was deposited to the Rainy Day Fund. Between Fiscal Years 2004 and 2008, revenues exceeded budget expectations by approximately \$3 billion. During this period, \$1.4 billion was deposited to the Rainy Day Fund (8 percent of net General Fund appropriations).

To the extent that windfall revenue was used for debt reduction, debt avoidance or one-time items it did not create structural budget imbalances; however, a large share of the windfall in revenue realized in recent years was used to support ongoing operating expenditures in the General Fund. This windfall spending exacerbated recessionary challenges that the State faced and destabilized the budget.

Fiscal Initiatives

In order to partially address a \$1.6 billion decline in General Fund tax revenues between Fiscal Years 2008 and 2010, a series of tax increases were passed into law effective for receipts of Fiscal Year 2010 and beyond. These tax changes included an increase in the personal income tax rate from 5.0 percent to 6.5 percent on taxable income over \$1 million for Joint Filers, \$800,000 for Head of Household, and \$500,000 for Singles and Married Filing Separately. This was expected to result in a revenue gain of \$594 million in Fiscal Year 2010 and approximately \$400 million in Fiscal Year 2011. A corporation tax surcharge of 10 percent was levied in Fiscal Years 2009 thru 2011 for businesses with over \$100 million in adjusted federal gross income. This was expected to raise \$74.1 million in Fiscal Year 2010, \$41.1 million in Fiscal Year 2011 and \$22.1 million in Fiscal Year 2012. The cigarette tax was increased from \$2.00 to \$3.00 per pack, effective October 1, 2009. This was expected to produce a revenue gain of \$99.3 million in FY 10 and \$117.6 million in FY 11.

In addition to tax increases, transfers of \$1,323.6 million-- which contained largely non-recurring items -- were made to the General Fund in Fiscal Year 2010. Budget Reserve Fund transfers represented \$1,278.5 million of the total Fiscal Year 2010 transfer activity. The policy decision to utilize the Budget Reserve Fund in this way left the Fund with a small balance of \$103.3 million. This balance was committed to the General Fund in Fiscal Year 2011. Cash balances in non-General Fund categories are being closely monitored on a monthly basis for possible transfer to the General Fund.

Public Act 10-175 authorized programs and policies designed to establish or expand business and create Connecticut jobs. The act authorized bonds for the development of new business concepts. It also authorized tax credits for certain technology-based emerging businesses and for businesses hiring employees with disabilities. It provided loan reimbursement grants to Connecticut students taking jobs related to alternative energy technology and related fields. The act also established a task force to examine ways of increasing state government's efficiency.

In a step toward making the State's budgetary, modified cash basis of accounting more consistent with Generally Accepted Accounting Principles, an appropriation account will be established in Fiscal Year 2012 to prefund an additional day of State employee payroll accrual. This appropriation was established through Public Act 10-173. The additional accrual results in an extra bi-weekly payroll check once every ten years.

Independent Auditor Opinions

As a Connecticut Constitutional Officer, the State Comptroller is responsible for setting state-wide accounting practices. Ultimate responsibility for the accuracy, completeness, and fairness of data presented in this CAFR, including all disclosures, rests with the State of Connecticut and my office. Connecticut statutes require an annual audit of the State's basic financial statements. These include statements prepared on the budgetary basis of accounting as well as statements prepared using GAAP -the basis of accounting that is generally accepted throughout the United States. The State is also required to undergo an annual "single audit" for reporting to the Federal government. To meet all of these requirements, the State Auditors of Public Accounts have examined our financial statements and the appropriate supporting documentation.

With the exception of the State's failure to update its OPEB liability and ARC in accordance with the requirements of GASB Statement 45, the State auditors gave the CAFR for the State of Connecticut a "clean" opinion indicating they can state, without reservation, that the financial statements are fairly presented in all material respects in conformity with GAAP.

Profile of the Government and its Safeguards

Connecticut became the fifth state of the United States on January 9, 1788. Its borders encompass 5,009 square miles. Within its compact borders, Connecticut has forested hills, urban skylines, shoreline beaches, and historic village greens. Connecticut is a thriving center of business as well as a vacation location. It is both a New England State, and suburban to New York City. The population of Connecticut was 3,518,288 in 2009 according to U.S. Census estimates. Five large cities, Bridgeport, New Haven, Hartford (the State Capitol since 1875), Stamford and Waterbury, have populations in excess of 100,000 residents.

State Government

Separation-of-Powers provisions of the State Constitution established the three branches of State government: executive, legislative and judicial. The executive branch, which is responsible for enforcing state laws, consists of six state executive officers: Governor, Lieutenant Governor, Treasurer, Comptroller, Secretary of State and Attorney General. All are elected to four-year terms.

Connecticut's General Assembly or legislative branch is responsible for creating new laws and consists of a Senate and a House of Representatives. There are currently 36 State Senators and 151 State Representatives. Members of the General Assembly are elected to two-year terms. Connecticut also elects two U.S. Senators and five U.S. Representatives.

The Judicial Branch is responsible for interpreting and upholding our laws as consistent with the State Constitution and legal precedence. The judicial branch consists of three levels: The Supreme Court, the Appellate Court and, at the lowest level, the Superior Court which is further divided by state law into Civil, Criminal, Housing and Family Divisions. Judges of the Supreme Court, the Appellate Court and the Superior Court are nominated by the Governor from a list of candidates submitted by the Judicial Selection Commission and are confirmed by the General Assembly. They serve eight-year terms and are eligible for reappointment.

The Reporting Entity

The State of Connecticut financial reporting entity includes all of the funds of the primary government and of its component units. The primary government includes all funds, agencies, departments, bureaus, commissions, and component units that are considered an integral part of the State's legal entity. Component units are legally separate entities for which the primary government is financially accountable. Discretely presented component units are reported separately in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position and results of operations from those of the primary government. Other component units, although legally separate entities, have their financial position and operations blended with the primary government for technical reasons as explained more fully in the additional information on the reporting entity which is included in CAFR -Note 1, Summary of Significant Accounting Policies.

Internal Controls

Our State's internal control structure has been established to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with GAAP and State legal requirements. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The State Legislature prepares a two-year budget that contains estimates of revenues and expenditures for the ensuing two fiscal years. This budget is the result of negotiations between the Governor and the Legislature. Adjustments, in the form of budget revisions, executive orders, and financial legislation agreed to by the Governor and the Legislature, are made to the annual appropriations throughout the fiscal year. Budgetary controls are maintained at the individual appropriation account level by agency and fund as established in authorized appropriation bills. The objective of these controls is to ensure compliance with state laws embodied in the appropriations. The State Comptroller is statutorily responsible for control

structures to safeguard revenues due the primary government, to determine the amount equitably due with respect to claims made and to ensure such expenditures are compliant with an appropriation contained in the budget for such purpose.

Budgeted appropriations are the expenditure authorizations that allow state agencies to purchase or create liabilities for goods and services. Before an agency can utilize funds appropriated for a particular purpose, such funds must be allotted for the specific purpose by the Governor and encumbered by the Comptroller upon request by the agency. Such funds can then be expended by the Treasurer only upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. The allotment process, which includes limits on the power of the Governor to modify appropriations, preserves expenditure controls over special revenue, enterprise, and internal service funds and capital projects that are not budgeted as part of the annual appropriation act as revised.

The Spending Cap

In November 1992, electors approved an amendment to the State Constitution providing that the amount of budgeted expenditures authorized for any fiscal year shall not exceed the estimated amount of revenue for such fiscal year. This amendment thus provided a framework for placing a cap on budgeted appropriations.

Annual budgeted appropriations are capped at a percentage increase that is based on either the five-year average annual growth in the state's personal income or annual inflation, whichever is higher. Debt service payments, certain statutory grants to distressed municipalities, and appropriations required by federal mandate or court order are excluded from the limits of the cap.

The spending cap can be lifted if the Governor declares the existence of extraordinary circumstances and the General Assembly by three-fifths vote approves appropriations in excess of the cap. This has occurred in almost every year that the State has posted a budget surplus in the General Fund to enable the appropriation of surplus dollars that would have otherwise gone to reduce state debt and fill the rainy day fund.

Economic Condition and Outlook

As detailed in the text above, Connecticut is slowly emerging from a severe national recession. Modest but sporadic job gains are beginning to appear. The State added 5,300 payroll jobs in calendar year 2010. The strongest job gains occurred in the professional and business service sector with solid 4.2 percent year to year growth. This sector includes highly skilled occupations such as engineering, research and development positions, architectural services and information technology. The leisure and hospitality sector also posted gains of 2 percent. The most significant job losses were in the construction sector where payroll jobs declined by 6.6 percent during 2010. Connecticut's unemployment rate hovered at an unacceptably high level of 9 percent for most of the year.

Connecticut is a wealthy state, with large regional income disparities. Connecticut continues to lead the nation with per capita income of \$55,063, which is almost 40 percent above the national level. Twenty percent of Connecticut's personal income is derived from dividends, interest and rent, which is two percent above the national average. Over the past ten years the percent of personal income derived from earnings has declined while the share of derived from dividends,

interest and rent has increased. In the past decade, State personal income has grown at an average annual rate of 4 percent, which is below the national growth rate of 4.4 percent. Eliminating recessionary periods, State personal income decline growth averaged over 6 percent annually.

Connecticut's housing market is expected to improve in 2011 after several difficult years. Connecticut housing prices were among the top five states for appreciation, rising 2.5 percent through the third quarter of 2010. However Connecticut single family median home prices are still well off of their 2007 peak price of \$326,800 falling to \$260,300 in the latest quarter of 2010.

Connecticut's economy is expected to experience modest economic growth in calendar year 2011. Connecticut's real state gross domestic product (SGDP), the broadest measure of the state's economic health, declined 3.1% in 2009 and is expected to show small positive growth for 2010 when figures are finalized. Projections for Fiscal Year 2011 show SGDP growth of over 3 percent.

Like other states, Connecticut is projecting significant declines in state revenues over the next year due to the lingering impact of the recession and its heavy reliance on one-time revenue sources to balance the state budget. The budget imbalance is estimated to exceed \$3.5 billion for Fiscal Year 2012. A significant realignment of state spending and revenue will be required to avert this budget shortfall.

Acknowledgements

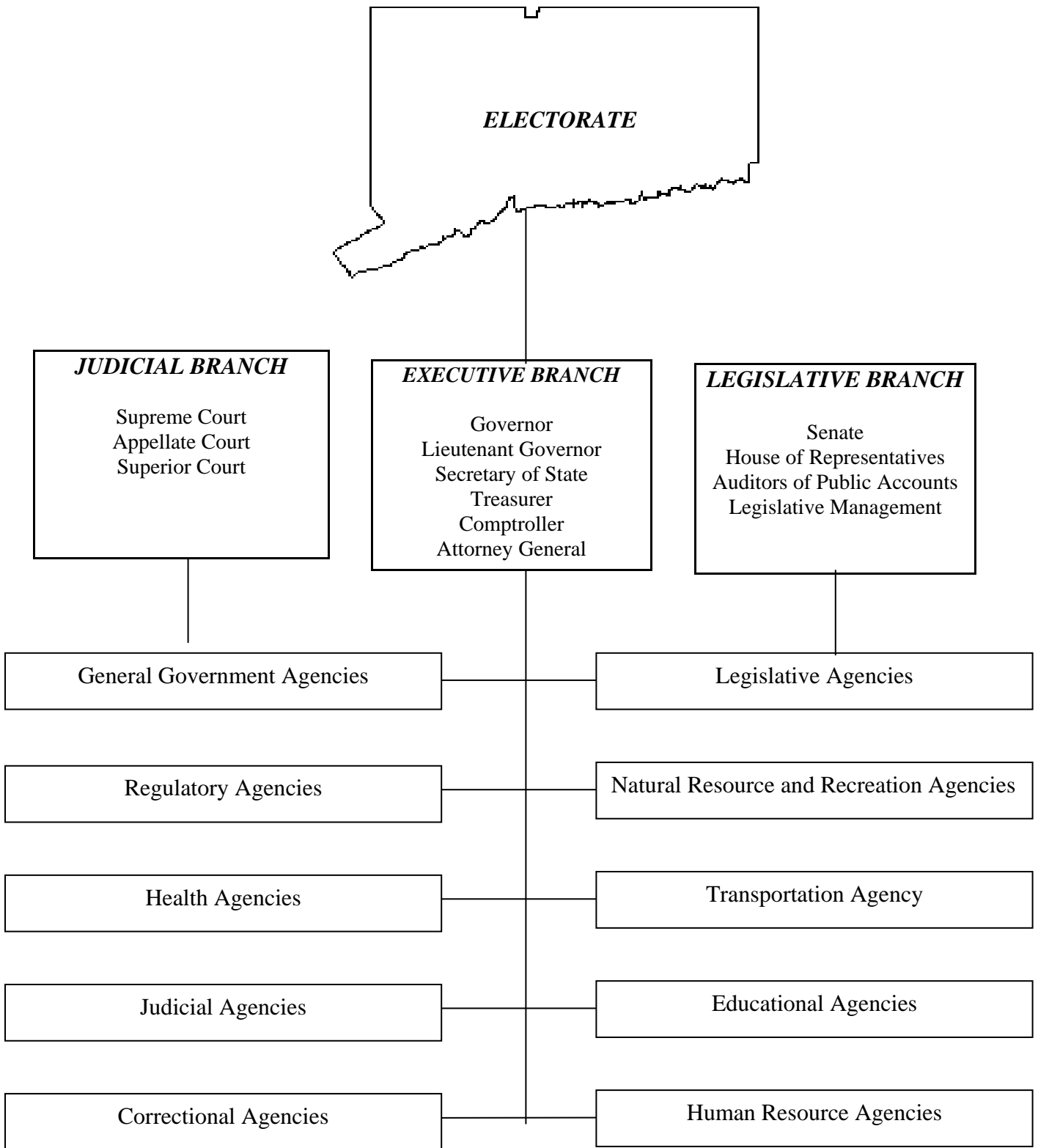
I want to thank my staff and all of the agency personnel and others who contributed to producing this report. I also want to thank its readers who bring meaning to the work that we do.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin Lembo". The signature is fluid and cursive, with a long horizontal stroke at the end.

Kevin Lembo
Connecticut State Comptroller

Organization Chart



***Selected State Officials
(as of June 30, 2010)***

EXECUTIVE

M. Jodi Rell
Governor

Michael Fedele
Lieutenant Governor

Susan Bysiewicz
Secretary of State

Denise L. Nappier
Treasurer

Nancy Wyman
Comptroller

Richard Blumenthal
Attorney General

JUDICIAL

Chase T. Rogers
Chief Justice

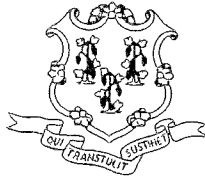
LEGISLATIVE

Donald E. Williams Jr.
President Pro Tempore of the State Senate
(36 Senators)

Christopher G. Donovan
Speaker of the House of Representatives
(151 Representatives)

Financial Section

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN

STATE CAPITOL
210 CAPITOL AVENUE
HARTFORD, CONNECTICUT 06106-1559

ROBERT M. WARD

INDEPENDENT AUDITORS' REPORT

Governor Dannel P. Malloy
Members of the General Assembly

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Connecticut as of and for the year ended June 30, 2010, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Connecticut's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit:

Government-wide Financial Statements

- the financial statements of the Special Transportation Fund account within the Transportation Fund, the Transportation Special Tax Obligations account within the Debt Service Fund, and the Clean Energy Fund account within the Environmental Programs Fund, which in the aggregate, represent six percent of the assets and six percent of the revenues of the Governmental Activities;
- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University, Connecticut Community-Technical Colleges, Bradley International Airport, Bradley International Airport Parking Facility, Connecticut Lottery Corporation, and the Federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 64 percent of the assets and 39 percent of the revenues of the Business Type Activities;
- the financial statements of the discretely presented component units;

Fund Financial Statements

- the financial statements of the Special Transportation Fund account, which represents 94 percent of the assets and 97 percent of the revenues of the Transportation Fund;
- the financial statements of the Transportation Special Tax Obligations account, which represents 100 percent of the assets and 100 percent of the revenues of the Debt Service Fund;
- the financial statements of the Clean Energy Fund account, which represents 57 percent of the assets and 75 percent of the revenues of the Environmental Programs Fund;
- the financial statements of the John Dempsey Hospital account within the University of Connecticut and Health Center, the Connecticut State University, the Connecticut

Community-Technical Colleges, Bradley International Airport, Bradley International Airport Parking Facility, the Connecticut Lottery Corporation, and the Federal accounts for the Clean Water Fund and Drinking Water Fund, which in the aggregate, represent 64 percent of the assets and 39 percent of the revenues of the Enterprise Funds;

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aforementioned funds and accounts, is based on the reports of the other auditors. All of the aforementioned audits were conducted in accordance with auditing standards generally accepted in the United States of America. In addition, the audits of the Special Transportation Fund, Transportation Special Tax Obligations Fund, Drinking Water Fund, Clean Water Fund, Bradley International Airport, Bradley International Airport Parking Facility, Connecticut Development Authority, Capital City Economic Development Authority, Connecticut Lottery Corporation, Connecticut Resources Recovery Authority, Connecticut Health and Educational Facilities Authority, Connecticut Higher Education Supplemental Loan Authority, Connecticut Housing Finance Authority, and Connecticut Innovations Incorporated were conducted in accordance with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audits of the John Dempsey Hospital, Connecticut State University, Connecticut Community-Technical Colleges and the University of Connecticut Foundation were not conducted in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

The State of Connecticut adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (OPEB). This standard modifies the method that governments have reported the cost of providing such benefits, primarily retiree health care. It requires the systematic, accrual-basis measurement and recognition of OPEB cost (expense) over a period that approximates employees' years of service and the disclosure of information about the actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. Our audit disclosed that the required actuarial valuation was not performed within the two year window permitted by GASB and the State of Connecticut did not present information pertaining to the Funded Status and Funding Progress, and Actuarial Methods and Assumptions for the State Employee OPEB Plan in Note 14 of the financial statements in compliance with GASB requirements.

In our opinion, except for the matter described in the preceding paragraph, based upon our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, for the State of Connecticut, as of June 30, 2010, and the respective budgetary comparison for the General Fund and the Transportation Fund, and the respective changes

in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2011, on our consideration of the State of Connecticut's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report will be issued under separate cover in the State's Single Audit Report and is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 15 through 25, and the schedules of funding progress for pension and other post-employment benefit plans and the schedules of employer contributions for pension and other post-employment benefit plans on pages 92 and 93, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We did not audit this information and do not express an opinion on it. However, we have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. As a result of such limited procedures, we found that the State of Connecticut has not presented data in the Schedule of Funding Progress and Schedule of Employer Contributions for the State Employee OPEB plan that accounting principles generally accepted in the United States of America have determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Connecticut's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



John C. Geragosian
Auditor of Public Accounts



Robert M. Ward
Auditor of Public Accounts

January 28, 2011
State Capitol
Hartford, Connecticut

MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA)

The following discussion and analysis is intended to provide readers of the State's financial statements with a narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2010. The information provided here should be read in conjunction with additional information provided in the letter of transmittal and in the basic financial statements.

FINANCIAL HIGHLIGHTS

Government-wide:

As of June 30, 2010, the State had a combined net asset deficit of \$9.4 billion, an increase of \$3.4 billion when compared to the prior year ending deficit balance. This increase resulted mainly from an increase of \$3.2 billion in the net asset deficit of governmental activities.

Fund Level:

The governmental funds had a total fund balance of \$1.4 billion at year end. Of this amount, \$2.4 billion was reserved for various purposes, resulting in a total unreserved fund balance deficit of \$1.0 billion. The portion of the total unreserved fund balance deficit that pertains to the General Fund was a \$1.7 billion deficit. The General Fund had an actual budget surplus of \$0.4 billion this year.

The Enterprise funds had total net assets of \$4.3 billion, substantially all of which was invested in capital assets or restricted for various purposes.

Long-Term Debt:

Total long-term debt was \$26.1 billion for governmental activities, of which \$18.3 billion was bonded debt.

Total long-term debt was \$2.6 billion for business-type activities, of which \$1.5 billion was bonded debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State's basic financial statements. The State's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the State's non-fiduciary assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The statement of activities presents information showing how the State's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements are intended to distinguish functions of the State that are principally supported by taxes and intergovernmental revenues (governmental activities) from other

functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the State include legislative, general government, regulation and protection, conservation and development, health and hospitals, transportation, human services, education, libraries, and museums, corrections, and judicial. The business-type activities of the State include the University of Connecticut and Health Center, State Universities, Bradley International Airport, Connecticut Lottery Corporation, Employment Security, and Clean Water, which are considered to be major funds, while the remaining business-type activities are combined into a single aggregate presentation.

The government-wide financial statements include not only the State itself (known as the primary government), but also the activities of eight legally separate Component Units for which the State is financially accountable: the Connecticut Housing Finance Authority, the Connecticut Health and Educational Facilities Authority, the Connecticut Development Authority, the Connecticut Higher Education Supplemental Loan Authority, the Connecticut Resources Recovery Authority, the Connecticut Innovations, Incorporated, the Capital City Economic Development Authority, and the University of Connecticut Foundation, Incorporated. Financial information for these Component Units is reported separately from the financial information presented for the primary government itself. Financial information of the individual component units can be found in the basic financial statements following the fund statements, and complete financial statements of the individual component units can be obtained from their respective administrative offices.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the State's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the State's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Debt Service Fund, the Transportation Fund, and the Restricted Grants and Accounts Fund, all of which are considered to be major funds. Data from other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The State adopts a biennial budget for the General Fund, the Transportation Fund, and other Special Revenue funds. A budgetary comparison statement has been provided for the General Fund and the Transportation Fund to demonstrate compliance with the current fiscal year budgets.

Proprietary Funds

Proprietary funds (Enterprise funds and Internal Service funds) are used to show activities that operate more like those of commercial enterprises. Enterprise funds charge fees for services provided to outside customers. They are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the State's various functions. The State uses Internal Service funds to account for correction industries, information technology, and administrative services. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds

Fiduciary funds are used to account for resources held by the State in a trustee or agency capacity for others. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the State's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. The required supplementary information includes information regarding the State's progress on funding its obligation to provide pension and other postemployment benefits to its employees.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains the following information.

- Combining Fund Statements and Schedules – Nonmajor funds
- Statistical Section

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

NET ASSETS

As noted earlier, net assets may serve over time as a useful indicator of the State's financial position. During the current fiscal year, the combined net asset deficit of the State increased 58 percent to \$9.4 billion. In comparison, last year the combined net asset deficit increased 121 percent.

State Of Connecticut's Net Assets (Expressed in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009*	2010	2009	2010	2009*
ASSETS:						
Current and Other Assets	\$ 4,568	\$ 4,274	\$ 4,051	\$ 3,861	\$ 8,619	\$ 8,135
Capital Assets	10,570	10,194	3,382	3,352	13,952	13,546
Total Assets	15,138	14,468	7,433	7,213	22,571	21,681
LIABILITIES:						
Current Liabilities	4,417	3,346	792	733	5,209	4,079
Long-term Liabilities	24,394	21,572	2,356	1,976	26,750	23,548
Total Liabilities	28,811	24,918	3,148	2,709	31,959	27,627
NET ASSETS:						
Invested in Capital Assets,						
Net of Related Debt	4,910	4,619	2,671	2,612	7,581	7,231
Restricted	1,778	1,618	1,264	1,470	3,042	3,088
Unrestricted	(20,361)	(16,687)	350	422	(20,011)	(16,265)
Total Net Assets (Deficit)	\$ (13,673)	\$ (10,450)	\$ 4,285	\$ 4,504	\$ (9,388)	\$ (5,946)

* Restated for comparative purposes. See Note 23.

The net asset deficit of the State's governmental activities increased \$3.2 billion (30.8 percent) to \$13.7 billion during the current fiscal year. Of this amount, \$6.7 billion was invested in capital assets (buildings, roads, bridges, etc.) or was restricted for various purposes, resulting in an unrestricted net asset deficit of \$20.4 billion. This deficit is the result of having long-term obligations that are greater than currently available resources. Specifically, the State has recorded the following outstanding long-term obligations which contributed to the deficit; a) general obligation bonds in the amount of \$7.5 billion which were issued to finance various municipal grant programs (e.g., school construction) and a contribution to a pension trust fund, and b) other long-term obligations in the amount of \$7.8 billion (e.g., net pension obligation and compensated absences).

Net assets of the State's business-type activities decreased \$0.2 billion (4.9 percent) to \$4.3 billion during the current fiscal year. Of this amount, \$3.9 billion was invested in capital assets or was restricted for various purposes, resulting in unrestricted net assets of \$0.4 billion. These resources cannot be used to make up for the net asset deficit of the State's governmental activities. The State can only use these net assets to finance the ongoing operations of its Enterprise funds (such as the University of Connecticut and Health Center, Bradley International Airport, and others).

CHANGE IN NET ASSETS

Changes in net assets for the years ended June 30, 2010 and 2009 were as follows:

State of Connecticut's Changes in Net Assets (Expressed in Millions)

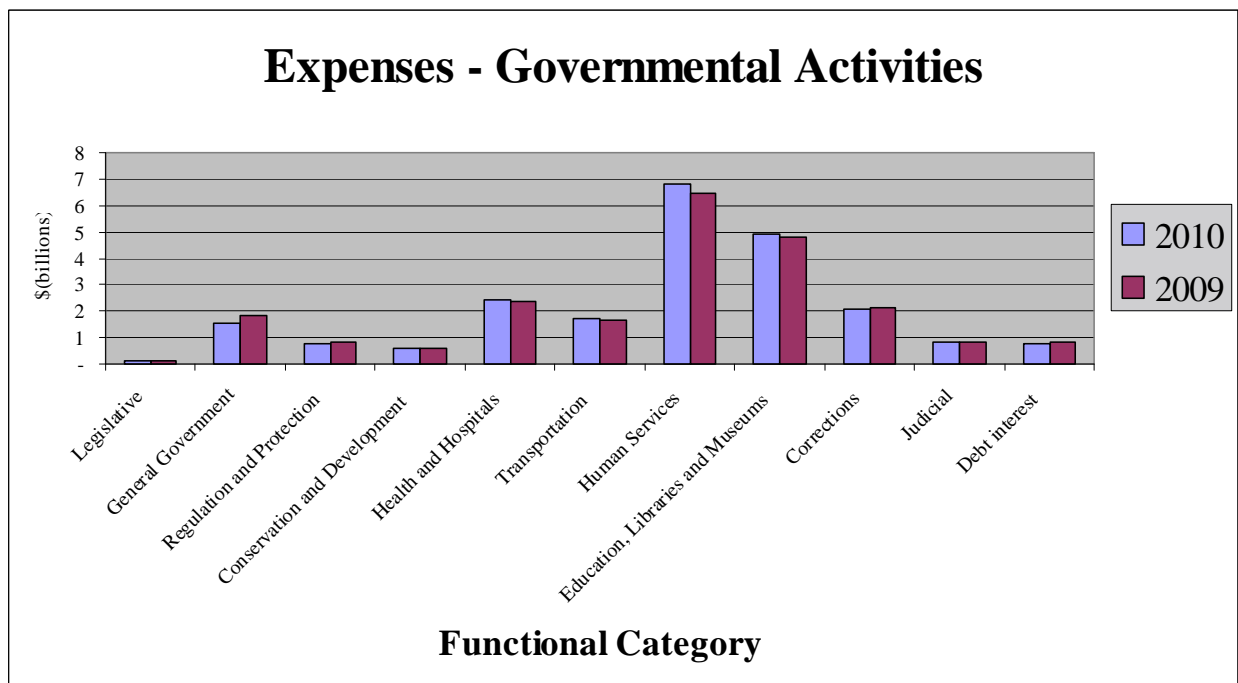
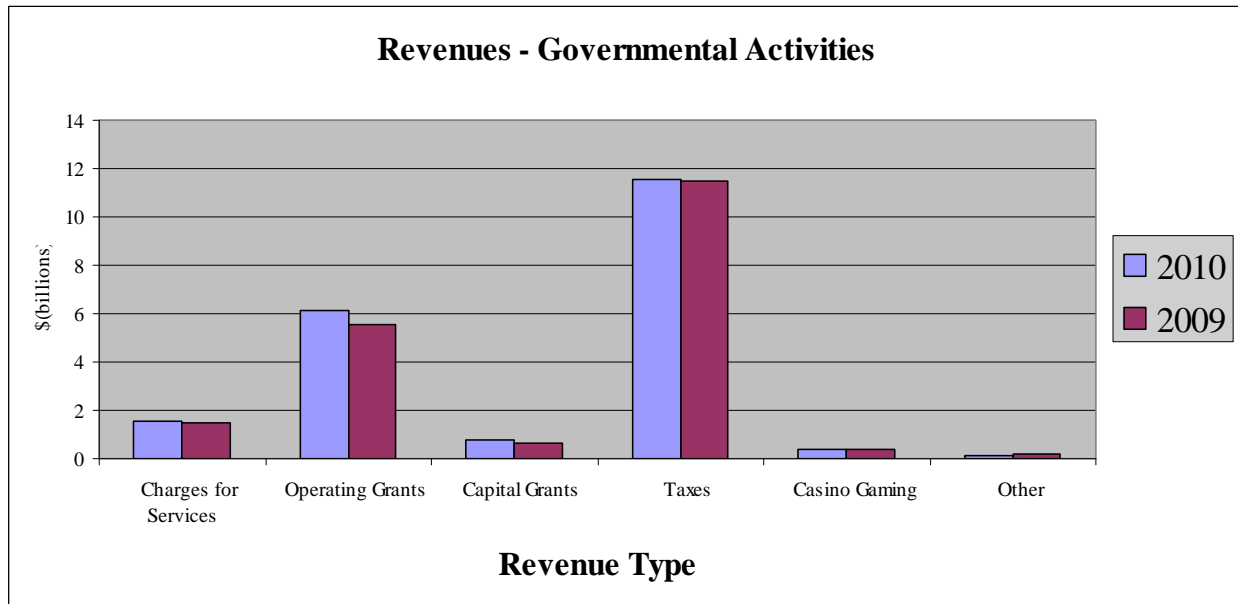
	Governmental Activities		Business-Type Activities		Total		%change
	2010	2009*	2010	2009	2010	2009*	10-09
REVENUES							
Program Revenues							
Charges for Services	\$ 1,522	\$ 1,490	\$ 3,223	\$ 3,108	\$ 4,745	\$ 4,598	3.2%
Operating Grants and Contributions	6,113	5,553	1,885	907	7,998	6,460	23.8%
Capital Grants and Contributions	766	646	18	64	784	710	10.4%
General Revenues							
Taxes	11,550	11,491	-	-	11,550	11,491	0.5%
Casino Gaming Payments	384	378	-	-	384	378	1.6%
Other	156	197	40	76	196	273	-28.2%
Total Revenues	20,491	19,755	5,166	4,155	25,657	23,910	7.3%
EXPENSES							
Legislative	106	106	-	-	106	106	0.0%
General Government	1,566	1,816	-	-	1,566	1,816	-13.8%
Regulation and Protection	796	801	-	-	796	801	-0.6%
Conservation and Development	566	585	-	-	566	585	-3.2%
Health and Hospitals	2,443	2,376	-	-	2,443	2,376	2.8%
Transportation	1,741	1,640	-	-	1,741	1,640	6.2%
Human Services	6,830	6,483	-	-	6,830	6,483	5.4%
Education, Libraries and Museums	4,921	4,790	-	-	4,921	4,790	2.7%
Corrections	2,083	2,156	-	-	2,083	2,156	-3.4%
Judicial	828	827	-	-	828	827	0.1%
Interest and Fiscal Charges	793	810	-	-	793	810	-2.1%
University of Connecticut & Health Center	-	-	1,703	1,725	1,703	1,725	-1.3%
State Universities	-	-	650	639	650	639	1.7%
Bradley International Airport	-	-	69	68	69	68	1.5%
CT Lottery Corporation	-	-	723	723	723	723	0.0%
Employment Security	-	-	2,701	1,574	2,701	1,574	71.6%
Clean Water	-	-	53	31	53	31	71.0%
Other	-	-	527	512	527	512	2.9%
Total Expenses	22,673	22,390	6,426	5,272	29,099	27,662	5.2%
Excess (Deficiency) Before Transfers and Special Items	(2,182)	(2,635)	(1,260)	(1,117)	(3,442)	(3,752)	-8.3%
Special Items	21	13	(21)	85	-	-	0.0%
Transfers	(1,062)	(873)	1,062	873	-	-	0.0%
Increase (Decrease) in Net Assets	(3,223)	(3,495)	(219)	(159)	(3,442)	(3,654)	-5.8%
Net Assets (Deficit) - Beginning (as restated)	(10,450)	(6,955)	4,504	4,663	(5,946)	(2,292)	159.4%
Net Assets (Deficit) - Ending	\$ (13,673)	\$ (10,450)	\$ 4,285	\$ 4,504	\$ (9,388)	\$ (5,946)	57.9%

Restated for comparative purposes. See note 23.

Special Items are significant transactions or other activity within management's control that are either unusual in nature or infrequent in occurrence.

GOVERNMENTAL ACTIVITIES

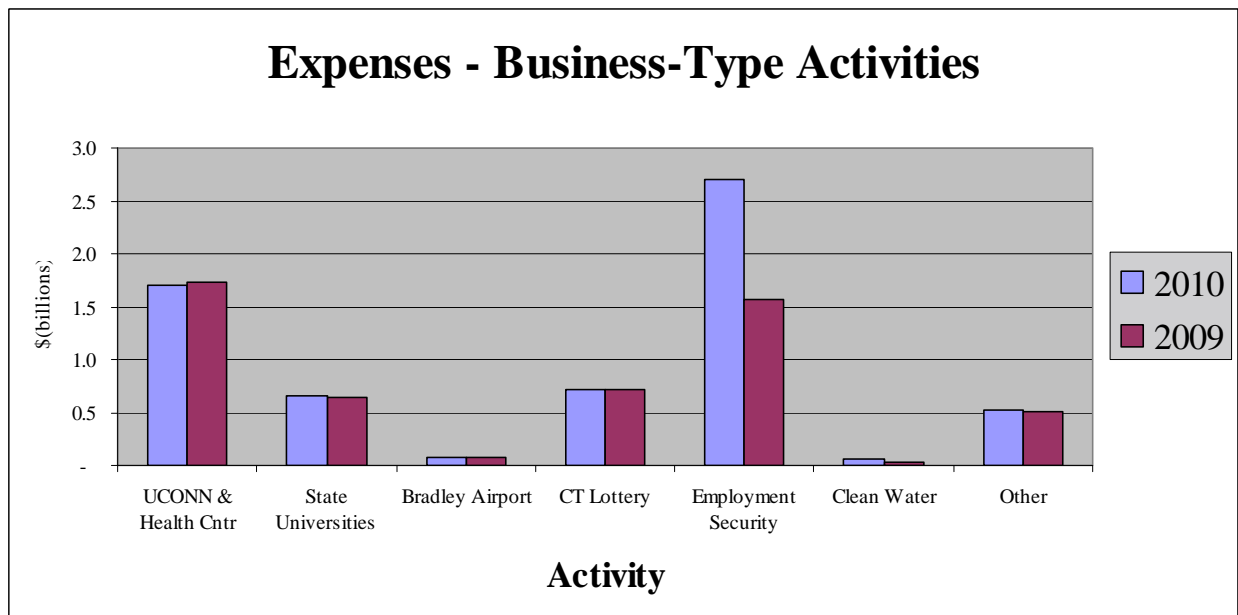
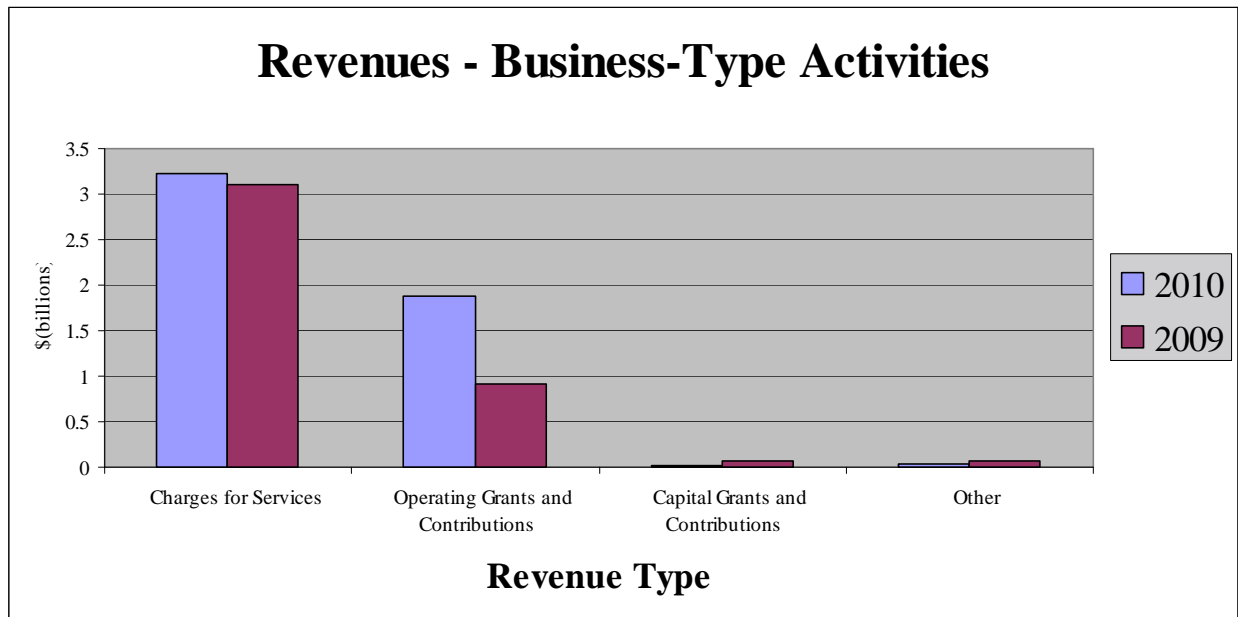
The following charts provide a two year comparison of governmental activities revenues and expenses.



During the year, total revenues of governmental activities increased 3.7 percent to \$20.5 billion, while total expenses increased 1.3 percent to \$22.7 billion. In comparison, last year total revenues and expenses increased 0.1 percent and 2.4 percent, respectively. The increase in total revenues was due mainly to an increase in operating grants and contributions of \$0.6 billion or 10.1 percent. Although, total expenses exceeded total revenues by \$2.2 billion, this excess was increased by transfers and special items of \$1.0 billion, resulting in a decrease in net assets of \$3.2 billion.

BUSINESS-TYPE ACTIVITIES

The following charts provide a two year comparison of business-type activities revenues and expenses.



During the year, total revenues of business-type increased 24.3 percent to \$5.2 billion, while total expenses increased 21.9 percent to \$6.4 billion. In comparison, last year total revenues and expenses increased 19.5 percent and 26.4 percent, respectively. The increase in total revenues was due mainly to an increase in operating grants and contributions of \$1.0 billion or 107.8 percent. The increase in total expenses was due mainly to an increase in Employment Security expenses of \$1.1 billion or 71.6 percent. Although, total expenses exceeded total revenues by \$1.2 billion, this excess was reduced by transfers of \$1.0 billion, resulting in a decrease in net assets of \$0.2 billion.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unreserved fund balance serves as a useful measure of the State's net resources available for spending at the end of the fiscal year.

As of June 30, 2010, the State's governmental funds had fund balances of \$1.4 billion, remaining unchanged when compared to the prior year ending fund balances. Of the total governmental fund balances, \$2.4 billion represents reserved fund balance, meaning that this portion is not available for the new spending because it has already been committed for specific purposes. The remainder of fund balance is an unreserved deficit fund balance of \$1.0 billion.

General Fund

The General Fund is the chief operating fund of the State. As of June 30, 2010, the General Fund had a fund balance deficit of \$1.0 billion. Of this amount, \$0.7 billion was reserved for various purposes, leaving a deficit of \$1.7 billion in unreserved fund balance. Fund balance decreased by \$0.2 billion during the current fiscal year.

Debt Service Fund

As of June 30, 2010, the Debt Service Fund had a fund balance of \$688 million, all of which was reserved. Fund balance increased by \$8 million during the current fiscal year.

Transportation Fund

As of June 30, 2010, the Transportation Fund had a fund balance of \$164 million. Of this amount, \$70 million was reserved for various purposes, leaving \$94 million in unreserved fund balance. Fund balance increased by \$9 million during the current fiscal year.

Restricted Grants and Accounts Fund

As of June 30, 2010, the Restricted Grants and Accounts Fund had a fund balance of \$621 million, all of which was reserved. Fund balance increased by \$43 million during the fiscal year.

Proprietary Funds

The State's Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Accordingly, a discussion of the financial activities of the Proprietary funds has been provided in that section.

Fiduciary Funds

The State maintains Fiduciary funds for the assets of Pension and Other Employee Benefit Trust funds, an Investment Trust fund, and a Private-Purpose Trust fund. As of June 30, 2010, the net assets of the State's Fiduciary funds totaled \$22.8 billion, an increase of \$1.2 billion when compared to the prior year ending net asset balance.

Budgetary Highlights-General Fund

The General Fund had an estimated budget surplus of \$2 million at the start of the fiscal year. Although the State's economy started to improve slowly during the fiscal year, the estimated budget surplus turned into a budget deficit of \$515 million by the second quarter of the fiscal year. However, due to deficit reduction measures adopted by the State legislature, the Fund ended with an estimated budget surplus of \$397 million by the end of the fiscal year.

Although actual fund revenues exceeded expenditures by \$481 million, this excess was reduced by other financing uses of \$31 million, resulting in an actual budget surplus of \$450 million for the fiscal year.

Actual revenues were higher than originally budgeted by \$316 million for the fiscal year. This positive revenue variance resulted mainly from a positive transfer revenue variance of \$283 million.

Final budgeted appropriations were almost the same as originally budgeted for the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2010 totaled \$14.0 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress. The net increase in the State's investment in capital assets for the fiscal year was \$0.4 billion, due mainly to a 3.7 percent increase in governmental activities' capital assets.

Major capital asset events during the fiscal year included the following:

- Additions to buildings and infrastructure of \$0.6 billion
- Depreciation expense of \$0.9 billion

The following table is a two year comparison of the investment in capital assets presented for both governmental and business-type activities:

State of Connecticut's Capital Assets (Net of Depreciation, in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009*	2010	2009	2010	2009*
Land	\$ 1,562	\$ 1,394	\$ 60	\$ 60	\$ 1,622	\$ 1,454
Buildings	1,453	1,209	2,530	2,493	3,983	3,702
Improvements Other than Buildings	201	222	254	252	455	474
Equipment	44	209	344	354	388	563
Infrastructure	5,591	5,809	-	-	5,591	5,809
Construction in Progress	1,719	1,353	194	193	1,913	1,546
Total	<u>\$ 10,570</u>	<u>\$ 10,194</u>	<u>\$ 3,382</u>	<u>\$ 3,352</u>	<u>\$ 13,952</u>	<u>\$ 13,546</u>

* Restated for comparative purposes. See Note 23.

Additional information on the State's capital assets can be found in Note 10 of this report.

Long-Term Debt Bonded Debt

At the end of the current fiscal year, the State had total bonded debt of \$18.3 billion. Pursuant to various public and special acts, the State has authorized the issuance of the following types of debt: general obligation debt (payable from the General Fund), special tax obligation debt (payable from the Debt Service Fund), and revenue debt (payable from specific revenues of the Enterprise funds).

The following table is a two year comparison of bonded debt presented for both governmental and business-type activities:

State of Connecticut's Bonded Debt (in millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$ 13,593	\$ 13,444	\$ -	\$ -	\$ 13,593	\$ 13,444
Transportation Related Bonds	3,030	2,817	-	-	3,030	2,817
Revenue Bonds	-	-	1,498	1,602	1,498	1,602
Long-Term Notes	1,144	228	-	-	1,144	228.00
Premiums and deferred amounts	527	420	41	32	568	452
Total	<u>\$ 18,294</u>	<u>\$ 16,909</u>	<u>\$ 1,539</u>	<u>\$ 1,634</u>	<u>\$ 19,833</u>	<u>\$ 18,543</u>

The State's total bonded debt increased by \$1.3 billion (7.0 percent) during the current fiscal year. This increase resulted mainly from an increase in long-term notes of \$0.9 billion.

The State's General Obligation Bonds are rated Aa2, AA, and AA by Moody's Investor Service, Standard and Poor's Corporation, and Fitch Ratings, respectively. Special Tax Obligation Bonds are rated Aa3, AA, AA by Moody's Investor Service, Standard and Poor's Corporation, and Fitch Ratings, respectively.

Section 3-21 of the Connecticut General Statutes provides that the total amount of bonds, notes or other evidences of indebtedness payable from General Fund tax receipts authorized by the General Assembly but have not been issued and the total amount of such indebtedness which has been issued and remains outstanding shall not exceed 1.6 times the total estimated General Fund tax receipts of the State for the current fiscal year. In computing the indebtedness at any time, revenue anticipation notes, refunded indebtedness, bond anticipation notes, tax increment financing, budget deficit bonding, revenue bonding, balances in debt retirement funds and other indebtedness pursuant to certain provisions of the General Statutes shall be excluded from the calculation. As of February 2010, the State had a debt incurring margin of \$2.4 billion.

Other Long-Term Debt

State of Connecticut's Other Long - Term Debt (in Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2010	2009	2010	2009	2010	2009
Net Pension Obligation	\$ 2,262	\$ 2,021	\$ -	\$ -	\$ 2,262	\$ 2,021
Net OPEB Obligation	4,441	2,543	-	-	4,441	2,543
Compensated Absences	523	503	147	135	670	638
Workers Compensation	461	460	-	-	461	460
Lottery Prizes	-	-	181	204	181	204
Federal Loan Payable	-	-	499	-	499	-
Other	130	91	194	186	324	277
Total	<u>\$ 7,817</u>	<u>\$ 5,618</u>	<u>\$ 1,021</u>	<u>\$ 525</u>	<u>\$ 8,838</u>	<u>\$ 6,143</u>

The State's other long-term obligations increased by \$2.7 billion (43.9 percent) during the fiscal year. This increase was due mainly to an increase in the Net OPEB Obligation of \$1.9 billion (Governmental activities) and an increase in Federal loan payable of \$0.5 billion (Business-Type activities).

Additional information on the State's long-term debt can be found in Notes 17 and 18 of this report.

Economic Factors and Next Year's Budget

During the fiscal year, the State's economy improved while still in recession. The State lost 1,600 payroll jobs over the fiscal year, bringing the unemployment rate to 8.8 percent. New home permits and new auto registrations increased 28.3 percent and 2.4 percent over the fiscal year, respectively. Net business formation increased by 999 businesses as new business starts declined by 2.4 percent while business terminations decreased 19.3 percent over the fiscal year. Personal income increased 2.4 percent to \$199.4 billion for the fiscal year. Nationally, the economy showed signs of improvement by growing 2.0 percent in the third quarter of 2010, which is quite modest but it has exhibited an upward trend since June 2009 when the national recovery began. However, the unemployment rate held steady at 9.5 percent by the end of the third quarter of the year.

For fiscal year 2011, the budget for the General Fund was estimated to be in balance at the start of the fiscal year. Budgeted revenues were expected to increase 1.7 percent to \$17.7 billion, while budgeted appropriations were expected to increase 1.7 percent to \$17.7 billion. Because the economy continued to improve slowly during the fiscal year, the Fund's budget remained in balance as of the end of the first half of the fiscal year.

CONTACTING THE STATE'S OFFICES OF FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have any questions about this report, please contact the State Comptroller's Office at 1-860-702-3350.

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Basic Financial Statements

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Statement of Net Assets

June 30, 2010

(Expressed in Thousands)

	Primary Government			Component
	Governmental	Business-Type	Total	Units
	Activities	Activities		
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 631,340	\$ 750,398	\$ 1,381,738	\$ 160,413
Deposits with U.S. Treasury	-	204,190	204,190	-
Investments	790,103	49,553	839,656	314,731
Receivables, (Net of Allowances)	2,274,050	820,558	3,094,608	49,199
Due from Primary Government	-	-	-	13,019
Inventories	46,051	12,918	58,969	3,970
Restricted Assets	-	159,338	159,338	1,584,803
Internal Balances	(267,814)	267,814	-	-
Other Current Assets	24,303	16,187	40,490	4,622
Total Current Assets	3,498,033	2,280,956	5,778,989	2,130,757
Noncurrent Assets:				
Cash and Cash Equivalents	-	346,352	346,352	-
Due From Component Units	14,967	-	14,967	-
Investments	-	212,043	212,043	39,232
Receivables, (Net of Allowances)	253,757	620,007	873,764	174,467
Restricted Assets	691,201	542,449	1,233,650	4,339,732
Capital Assets, (Net of Accumulated Depreciation)	10,569,852	3,381,524	13,951,376	428,653
Other Noncurrent Assets	109,914	50,020	159,934	13,036
Total Noncurrent Assets	11,639,691	5,152,395	16,792,086	4,995,120
Total Assets	15,137,724	7,433,351	22,571,075	7,125,877
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	811,819	291,798	1,103,617	64,377
Notes Payable	353,085	-	353,085	-
Due to Component Units	13,019	-	13,019	-
Due to Other Governments	125,961	918	126,879	-
Current Portion of Long-Term Obligations	1,716,298	203,846	1,920,144	188,879
Amount Held for Institutions	-	-	-	451,766
Deferred Revenue	14,700	225,504	240,204	-
Medicaid Liability	573,031	-	573,031	-
Liability for Escheated Property	532,762	-	532,762	-
Other Current Liabilities	275,870	70,386	346,256	28,274
Total Current Liabilities	4,416,545	792,452	5,208,997	733,296
Noncurrent Liabilities:				
Non-Current Portion of Long-Term Obligations	24,394,224	2,356,256	26,750,480	4,594,213
Total Noncurrent Liabilities	24,394,224	2,356,256	26,750,480	4,594,213
Total Liabilities	28,810,769	3,148,708	31,959,477	5,327,509
Net Assets				
Invested in Capital Assets, Net of Related Debt	4,910,178	2,671,350	7,581,528	286,142
Restricted For:				
Transportation	82,539	-	82,539	-
Debt Service	643,418	38,488	681,906	5,559
Federal Grants and Other Accounts	632,284	-	632,284	-
Capital Projects	227,823	211,913	439,736	-
Clean Water and Drinking Water Projects	-	729,588	729,588	-
Bond Indenture Requirements	-	2,120	2,120	877,749
Loans	-	5,808	5,808	-
Permanent Investments or Endowments:				
Expendable	2,190	-	2,190	79,812
Nonexpendable	93,193	12,017	105,210	258,498
Other Purposes	96,333	263,166	359,499	58,200
Unrestricted (Deficit)	(20,361,003)	350,193	(20,010,810)	232,408
Total Net Assets (Deficit)	\$ (13,673,045)	\$ 4,284,643	\$ (9,388,402)	\$ 1,798,368

The accompanying notes are an integral part of the financial statements.

Statement of Activities

For The Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services, Fees, Fines , and Other</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government				
Governmental Activities:				
Legislative	\$ 105,870	\$ 2,782	\$ 30	\$ -
General Government	1,565,653	515,852	41,717	-
Regulation and Protection	796,124	599,743	185,083	-
Conservation and Development	565,836	138,250	97,709	-
Health and Hospitals	2,443,119	65,592	189,708	-
Transportation	1,742,009	37,037	-	765,837
Human Services	6,829,916	25,075	4,586,457	-
Education, Libraries, and Museums	4,920,983	13,002	881,162	-
Corrections	2,082,743	6,596	122,951	-
Judicial	828,128	118,446	8,269	-
Interest and Fiscal Charges	792,950	-	-	-
Total Governmental Activities	<u>22,673,331</u>	<u>1,522,375</u>	<u>6,113,086</u>	<u>765,837</u>
Business-Type Activities:				
University of Connecticut & Health Center	1,703,104	921,293	210,998	2,396
State Universities	649,630	352,525	60,494	4,990
Bradley International Airport	69,471	55,303	-	10,150
Connecticut Lottery Corporation	723,572	997,023	-	-
Employment Security	2,700,797	718,128	1,480,063	-
Clean Water	52,761	21,782	25,975	-
Other	526,974	157,094	107,585	-
Total Business-Type Activities	<u>6,426,309</u>	<u>3,223,148</u>	<u>1,885,115</u>	<u>17,536</u>
Total Primary Government	<u>\$ 29,099,640</u>	<u>\$ 4,745,523</u>	<u>\$ 7,998,201</u>	<u>\$ 783,373</u>
Component Units				
Connecticut Housing Finance Authority (12-31-09)	\$ 238,891	\$ 179,067	\$ -	\$ -
Connecticut Health and Educational Facilities Authority	3,968	6,337	-	-
Other	251,036	189,719	6,185	1,309
Total Component Units	<u>\$ 493,895</u>	<u>\$ 375,123</u>	<u>\$ 6,185</u>	<u>\$ 1,309</u>
General Revenues:				
Taxes:				
Personal Income				
Corporate Income				
Sales and Use				
Other				
Restricted for Transportation Purposes:				
Motor Fuel				
Other				
Casino Gaming Payments				
Tobacco Settlement				
Unrestricted Investment Earnings				
Contributions to Endowments				
Special Item-Deficit Reduction Transfers				
Transfers-Internal Activities				
Total General Revenues, Contributions, Special Item, and Transfers				
Change in Net Assets				
Net Assets (Deficit)- Beginning (as restated)				
Net Assets (Deficit)- Ending				

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (103,058)	\$ -	\$ (103,058)	\$ -
(1,008,084)	-	(1,008,084)	-
(11,298)	-	(11,298)	-
(329,877)	-	(329,877)	-
(2,187,819)	-	(2,187,819)	-
(939,135)	-	(939,135)	-
(2,218,384)	-	(2,218,384)	-
(4,026,819)	-	(4,026,819)	-
(1,953,196)	-	(1,953,196)	-
(701,413)	-	(701,413)	-
(792,950)	-	(792,950)	-
(14,272,033)	-	(14,272,033)	-
-	(568,417)	(568,417)	-
-	(231,621)	(231,621)	-
-	(4,018)	(4,018)	-
-	273,451	273,451	-
-	(502,606)	(502,606)	-
-	(5,004)	(5,004)	-
-	(262,295)	(262,295)	-
-	(1,300,510)	(1,300,510)	-
(14,272,033)	(1,300,510)	(15,572,543)	-
-	-	-	(59,824)
-	-	-	2,369
-	-	-	(53,823)
-	-	-	(111,278)
5,773,609	-	5,773,609	-
465,980	-	465,980	-
3,150,203	-	3,150,203	-
1,455,628	-	1,455,628	-
494,222	-	494,222	-
209,684	-	209,684	-
384,248	-	384,248	-
128,977	-	128,977	-
27,681	40,339	68,020	77,234
-	-	-	27,581
21,000	(21,000)	-	-
(1,061,862)	1,061,862	-	-
11,049,370	1,081,201	12,130,571	104,815
(3,222,663)	(219,309)	(3,441,972)	(6,463)
(10,450,382)	4,503,952	(5,946,430)	1,804,831
<u>\$ (13,673,045)</u>	<u>\$ 4,284,643</u>	<u>\$ (9,388,402)</u>	<u>\$ 1,798,368</u>

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Governmental Fund Financial Statements

Major Funds

General Fund:

This fund is the State's general operating fund. It accounts for the financial resources and transactions not accounted for in other funds.

Debt Service Fund:

This fund is used to account for the accumulation of resources for and the payment of, principal and interest on special tax obligation bonds of the Transportation fund.

Transportation Fund:

to account for motor vehicle taxes, receipts and transportation related federal revenues collected for the purposes of payment of debt service requirements and budgeted appropriations made to the Department of Transportation. The Department of Transportation is responsible for all aspects of the planning, development, maintenance, and improvement of transportation in the state.

Restricted Grants and Accounts Fund:

This fund is used to account for resources which are restricted by Federal and other providers to be spent for specific purposes.

Nonmajor Funds:

Nonmajor governmental funds are presented, by fund type beginning on page 94.

Balance Sheet

Governmental Funds

June 30, 2010

(Expressed in Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Restricted Grants & Accounts</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and Cash Equivalents	\$ -	\$ -	\$ 114,139	\$ -	\$ 508,910	\$ 623,049
Investments	689,020	-	-	-	101,083	790,103
Securities Lending Collateral	-	-	-	-	22,038	22,038
Receivables:						
Taxes, Net of Allowances	979,216	-	43,091	-	-	1,022,307
Accounts, Net of Allowances	220,942	-	11,745	9,336	16,688	258,711
Loans, Net of Allowances	-	-	-	-	253,757	253,757
From Other Governments	651,566	-	-	307,330	12,656	971,552
Interest	-	1,288	49	-	-	1,337
Due from Other Funds	24,761	-	1,288	514,735	734,730	1,275,514
Due from Component Units	14,967	-	-	-	-	14,967
Inventories	13,916	-	28,189	-	-	42,105
Restricted Assets	-	687,752	-	-	3,449	691,201
Other Assets	-	-	-	-	346	346
Total Assets	<u>\$ 2,594,388</u>	<u>\$ 689,040</u>	<u>\$ 198,501</u>	<u>\$ 831,401</u>	<u>\$ 1,653,657</u>	<u>\$ 5,966,987</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 372,290	\$ -	\$ 29,143	\$ 167,632	\$ 74,140	\$ 643,205
Notes Payable	-	-	-	-	353,085	353,085
Due to Other Funds	1,224,303	1,288	-	3,245	233,761	1,462,597
Due to Component Units	-	-	-	355	12,664	13,019
Due to Other Governments	124,488	-	-	1,473	-	125,961
Deferred Revenue	496,504	-	5,118	37,744	27,152	566,518
Medicaid Liability	573,031	-	-	-	-	573,031
Liability For Escheated Property	532,762	-	-	-	-	532,762
Securities Lending Obligation	-	-	-	-	22,038	22,038
Other Liabilities	253,832	-	-	-	-	253,832
Total Liabilities	<u>3,577,210</u>	<u>1,288</u>	<u>34,261</u>	<u>210,449</u>	<u>722,840</u>	<u>4,546,048</u>
Fund Balances						
Reserved For:						
Petty Cash	838	-	-	-	-	838
Inventories	13,916	-	28,189	-	-	42,105
Loans	14,967	-	-	-	253,757	268,724
Continuing Appropriations	113,285	-	41,977	-	115	155,377
Debt Service	-	687,752	-	-	-	687,752
Restricted Purposes	-	-	-	620,952	95,383	716,335
Surplus Transfer to FY 11	449,869	-	-	-	-	449,869
Budget Reserve Fund	103,274	-	-	-	-	103,274
Unreserved Reported In:						
General Fund	(1,678,971)	-	-	-	-	(1,678,971)
Transportation Fund	-	-	94,074	-	-	94,074
Special Revenue Funds	-	-	-	-	352,525	352,525
Capital Project Funds	-	-	-	-	229,037	229,037
Total Fund Balances	<u>(982,822)</u>	<u>687,752</u>	<u>164,240</u>	<u>620,952</u>	<u>930,817</u>	<u>1,420,939</u>
Total Liabilities and Fund Balances	<u>\$ 2,594,388</u>	<u>\$ 689,040</u>	<u>\$ 198,501</u>	<u>\$ 831,401</u>	<u>\$ 1,653,657</u>	<u>\$ 5,966,987</u>

The accompanying notes are an integral part of the financial statements.

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets

June 30, 2010

(Expressed in Thousands)

Total Fund Balance - Governmental Funds	\$	1,420,939
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Net assets reported for governmental activities in the Statement of Net Assets
are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds. These assets consist of:

Buildings	3,173,636	
Equipment	1,535,777	
Infrastructure	12,555,781	
Other Capital Assets	3,752,851	
Accumulated Depreciation	<u>(10,484,842)</u>	10,533,203

Debt issue costs are recorded as expenditures in the funds. However, these costs are deferred (reported as other assets) and amortized over the life of the bonds in the Statement of Net Assets.	82,097
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Some of the state's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	551,947
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.	(24,691)
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Long-term liabilities are not due and payable in the current period and therefore
are not reported in the funds (Note 17).

Net Pension Obligation	(2,262,220)	
Net OPEB Obligation	(4,440,703)	
Worker's Compensation	(460,596)	
Capital Leases	(41,702)	
Compensated Absences	(520,284)	
Claims and Judgments	<u>(60,289)</u>	(7,785,794)

Long-term bonded debt is not due and payable in the current period and
therefore is not reported in the funds. Unamortized premiums, loss on
refundings, and interest payable are not reported in the funds. However,
these amounts are included in the Statement of Net Assets. This is the net
effect of these balances on the statement (Note 17).

Bonds Payable	(17,767,148)	
Unamortized Premiums	(720,536)	
Less: Deferred Loss on Refundings	193,958	
Accrued Interest Payable	<u>(157,020)</u>	<u>(18,450,746)</u>

Net Assets of Governmental Activities	\$	<u>(13,673,045)</u>
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The accompanying notes are an integral part of the financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For The Fiscal Year Ended June 30, 2010
(Expressed in Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Restricted Grants & Accounts</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Taxes	\$ 10,888,051	\$ -	\$ 705,858	\$ -	\$ 659	\$ 11,594,568
Assessments	-	-	-	-	27,268	27,268
Licenses, Permits and Fees	256,245	-	296,206	11,338	47,746	611,535
Tobacco Settlement	-	-	-	-	128,977	128,977
Federal Grants and Aid	4,562,714	-	3,002	2,264,230	96,451	6,926,397
Charges for Services	33,679	-	60,768	-	4,170	98,617
Fines, Forfeits and Rents	59,047	-	23,091	-	4,382	86,520
Casino Gaming Payments	384,248	-	-	-	-	384,248
Investment Earnings	3,987	5,741	831	1,575	15,424	27,558
Interest on Loans	-	-	-	-	283	283
Miscellaneous	133,782	-	5,453	454,174	110,736	704,145
Total Revenues	16,321,753	5,741	1,095,209	2,731,317	436,096	20,590,116
Expenditures						
Current:						
Legislative	96,040	-	-	2,296	-	98,336
General Government	1,087,026	-	2,080	245,613	102,926	1,437,645
Regulation and Protection	354,507	-	81,640	100,412	198,159	734,718
Conservation and Development	174,224	-	-	138,723	191,303	504,250
Health and Hospitals	1,980,057	-	-	223,390	11,694	2,215,141
Transportation	2,295	-	626,318	796,620	14,839	1,440,072
Human Services	5,662,013	-	-	504,007	9,112	6,175,132
Education, Libraries, and Museums	3,223,942	-	-	610,337	545,596	4,379,875
Corrections	1,875,326	-	-	24,414	3,726	1,903,466
Judicial	724,498	-	-	18,405	19,387	762,290
Capital Projects	-	-	-	-	435,288	435,288
Debt Service:						
Principal Retirement	952,740	285,315	-	-	-	1,238,055
Interest and Fiscal Charges	668,259	147,559	2,043	108,524	9,493	935,878
Total Expenditures	16,800,927	432,874	712,081	2,772,741	1,541,523	22,260,146
Excess (Deficiency) of Revenues Over Expenditures	(479,174)	(427,133)	383,128	(41,424)	(1,105,427)	(1,670,030)
Other Financing Sources (Uses)						
Bonds and Notes Issued	915,795	-	-	-	1,702,115	2,617,910
Premiums on Bonds and Notes Issued	80,587	36,961	-	-	71,921	189,469
Transfers In	399,505	439,642	5,801	121,963	90,763	1,057,674
Transfers Out	(1,131,560)	(6,192)	(451,400)	(1,559)	(532,180)	(2,122,891)
Refunding Bonds Issued	-	344,105	-	-	-	344,105
Payment to Refunded Bond Escrow Agent	-	(379,015)	-	-	-	(379,015)
Special Items:						
Transfer from Other State Funds	113,244	-	71,200	-	-	184,444
Transfer to General or Transportation Fund	(71,200)	-	-	(36,368)	(50,777)	(158,345)
Total Other Financing Sources (Uses)	306,371	435,501	(374,399)	84,036	1,281,842	1,733,351
Net Change in Fund Balances	(172,803)	8,368	8,729	42,612	176,415	63,321
Fund Balances (Deficit) - Beginning	(799,578)	679,384	154,178	578,340	754,402	1,366,726
Changes in Reserves for Inventories	(10,441)	-	1,333	-	-	(9,108)
Fund Balances (Deficit) - Ending	\$ (982,822)	\$ 687,752	\$ 164,240	\$ 620,952	\$ 930,817	\$ 1,420,939

The accompanying notes are an integral part of the financial statements.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

June 30, 2010

(Expressed in Thousands)

Net Change in Fund Balances - Total Governmental Funds \$ 63,321

Amounts reported for governmental activities in the Statement of Activities
are different because:

Bond proceeds provide current financial resources to governmental funds. However, issuing debt increases long-term liabilities in the Statement of Net Assets. Bond proceeds were received this year from

Bonds Issued	(2,617,910)	
Refunding Bonds Issued	(344,105)	
Premium on Bonds Issued	<u>(189,469)</u>	(3,151,484)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Long-term debt repayments this year consisted of:

Principal Retirement	1,238,055	
Payments to Refunded Bond Escrow Agent	379,562	
Capital Lease Payments	<u>5,427</u>	1,623,044

Capital outlays are reported as expenditures in the governmental funds. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. In the current period, these amounts and other reductions were as follows:

Capital Outlays	1,289,114	
Depreciation Expense	(888,234)	
Retirements	<u>(549)</u>	400,331

Inventories are reported as expenditures in the governmental funds when purchased. However, in the Statement of Activities the cost of these assets is recognized when those assets are consumed. This is the amount by which consumption exceeded purchases of inventories.

(9,108)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in Accrued Interest	(13,675)	
Decrease in Interest Accreted on Capital Appreciation Debt	96,947	
Amortization of Bond Premium	78,377	
Amortization of Loss on Debt Refundings	(27,110)	
Increase in Compensated Absences Liability	(21,813)	
Increase in Workers Compensation Liability	(818)	
Increase in Claims and Judgments Liability	(16,599)	
Increase in Net Pension Obligation	(241,555)	
Increase in Net OPEB Obligation	<u>(1,897,745)</u>	(2,043,991)

Because some revenues will not be collected for several months after the state's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues decreased by this amount this year

(98,586)

Internal service funds are used by management to charge the costs of certain activities such as insurance and telecommunications, to individual funds. The net revenue (expense) of internal service funds is reported with the governmental activities

(14,032)

Debt issue costs are recorded as expenditures in the governmental funds. However, these costs are amortized over the life of the bonds in the Statement of Activities. In the current year, these amounts are

Debt Issue Costs Payments	15,450	
Amortization of Debt Issue Costs	<u>(7,608)</u>	7,842

Change in Net Assets of Governmental Activities \$ (3,222,663)

The accompanying notes are an integral part of the financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual - Non-GAAP Budgetary Basis

General and Transportation Funds

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	General Fund			
	Budget			Variance with Final Budget positive (negative)
Revenues	Original	Final	Actual	
Budgeted:				
Taxes, Net of Refunds	\$ 10,927,600	\$ 10,838,500	\$ 10,894,132	\$ 55,632
Operating Transfers In	400,700	390,900	392,212	1,312
Casino Gaming Payments	384,100	384,300	384,248	(52)
Licenses, Permits, and Fees	281,500	262,900	257,569	(5,331)
Other	348,500	451,300	433,442	(17,858)
Federal Grants	4,051,800	4,047,500	4,066,314	18,814
Refunds of Payments	(700)	(1,200)	(1,188)	12
Operating Transfers Out	(61,800)	(61,800)	(61,800)	-
Transfer to the Resources of the General Fund	1,040,700	1,323,500	1,323,599	99
Transfer Out - Transportation Strategy Board	-	-	-	-
Total Revenues	17,372,400	17,635,900	17,688,528	52,628
Expenditures				
Budgeted:				
Legislative	79,321	79,346	66,288	13,058
General Government	556,840	555,091	486,318	68,773
Regulation and Protection	302,745	302,867	262,821	40,046
Conservation and Development	151,115	147,202	129,152	18,050
Health and Hospitals	1,706,334	1,707,055	1,624,827	82,228
Transportation	2,904	2,904	2,294	610
Human Services	5,080,456	5,081,192	5,012,333	68,859
Education, Libraries, and Museums	4,025,926	4,026,713	3,990,199	36,514
Corrections	1,573,652	1,578,155	1,475,769	102,386
Judicial	560,894	560,944	524,043	36,901
Non Functional	3,892,206	3,848,566	3,633,977	214,589
Total Expenditures	17,932,393	17,890,035	17,208,021	682,014
Appropriations Lapsed	473,294	560,700	-	(560,700)
Excess (Deficiency) of Revenues Over Expenditures	(86,699)	306,565	480,507	173,942
Other Financing Sources (Uses)				
Prior Year Appropriations Carried Forward	88,772	88,772	88,772	-
Appropriations Continued to Fiscal Year 2011			(121,475)	(121,475)
Miscellaneous Adjustments	-	2,065	2,065	-
Total Other Financing Sources (Uses)	88,772	90,837	(30,638)	(121,475)
Net Change in Fund Balance	\$ 2,073	\$ 397,402	449,869	\$ 52,467
Budgetary Fund Balances - July 1			(857,968)	
Changes in Reserves			980,281	
Budgetary Fund Balances - June 30			\$ 572,182	

The accompanying notes are an integral part of the financial statements.

Transportation Fund

Budget		Actual	Variance with Final Budget positive (negative)
<u>Original</u>	<u>Final</u>		
\$ 684,800	\$ 702,800	\$ 706,005	\$ 3,205
81,200	71,200	71,200	-
-	-	-	-
360,600	358,300	355,706	(2,594)
16,500	6,500	6,681	181
-	3,300	3,002	(298)
(2,600)	(2,900)	(2,906)	(6)
(9,500)	(6,500)	(6,500)	-
-	-	-	-
(15,300)	(15,300)	(15,300)	-
<u>1,115,700</u>	<u>1,117,400</u>	<u>1,117,888</u>	<u>488</u>
-	-	-	-
2,536	2,536	2,048	488
75,732	75,732	55,766	19,966
-	-	-	-
-	-	-	-
502,937	502,937	487,891	15,046
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
591,998	591,889	555,738	36,151
1,173,203	1,173,094	1,101,443	71,651
21,228	28,600	-	(28,600)
<u>(36,275)</u>	<u>(27,094)</u>	<u>16,445</u>	<u>43,539</u>
37,325	37,325	37,325	-
-	-	(41,977)	(41,977)
-	-	-	-
<u>37,325</u>	<u>37,325</u>	<u>(4,652)</u>	<u>(41,977)</u>
<u>\$ 1,050</u>	<u>\$ 10,231</u>	11,793	<u>\$ 1,562</u>
		130,895	
		4,653	
		<u>\$ 147,341</u>	

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Proprietary Fund Financial Statements

Major Funds

University of Connecticut and Health Center:

This fund is used to account for the operations of the University of Connecticut a comprehensive institution of higher education, which includes the University of Connecticut Health Center and John Dempsey Hospital.

State Universities:

This fund is used to account for the operations of the State University System which consist of four universities: Central, Eastern, Southern, and Western.

Bradley International Airport:

The airport is owned by the State of Connecticut and is operated by the Bureau of Aviation and Ports of the State of Connecticut, Department of Transportation and the Board of Directors of the Airport. In 1982, the State issued the Airport, 1982 series Revenue Bonds in the aggregate principal amount of \$100,000,000 and established the Airport as an enterprise fund. The State also donated in the same year capital assets having a net book value of \$33.3 million to the enterprise fund.

The Connecticut Lottery Corporation:

The Connecticut Lottery Corporation, a public instrumentality and political subdivision of the State of Connecticut was created on July 1, 1996 for the purpose of generating revenues for the State of Connecticut's General Fund through the operation of a lottery.

Employment Security:

to account for the collection of unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.

Clean Water:

to account for resources used to provide loans to municipalities to finance waste water treatment projects.

Nonmajor Funds:

Nonmajor proprietary funds are presented, by fund type beginning on page 116.

Statement of Net Assets
Proprietary Funds

June 30, 2010

(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Bradley International Airport	Connecticut Lottery Corporation
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 358,203	\$ 170,121	\$ 48,134	\$ 18,270
Deposits with U.S. Treasury	-	-	-	-
Investments	5,602	13,705	-	30,246
Receivables:				
Accounts, Net of Allowances	99,776	166,529	5,366	22,564
Loans, Net of Allowances	2,269	1,520	-	-
Interest	-	-	-	5,173
From Other Governments	-	2,479	1,598	-
Due from Other Funds	54,837	35,303	-	-
Inventories	12,918	-	-	-
Restricted Assets	146,323	-	13,015	-
Other Current Assets	9,924	3,156	151	2,657
Total Current Assets	689,852	392,813	68,264	78,910
Noncurrent Assets:				
Cash and Cash Equivalents	1,473	105,352	-	-
Investments	9,799	25,760	-	149,323
Receivables:				
Loans, Net of Allowances	9,986	9,698	-	-
Restricted Assets	11,257	-	93,289	-
Capital Assets, Net of Accumulated Depreciation	1,674,642	846,946	309,025	2,667
Other Noncurrent Assets	2,064	1,910	21,467	4,942
Total Noncurrent Assets	1,709,221	989,666	423,781	156,932
Total Assets	2,399,073	1,382,479	492,045	235,842
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	137,850	52,819	10,386	19,832
Due to Other Funds	15,625	3,218	1,666	-
Due to Other Governments	-	-	-	-
Current Portion of Long-Term Obligations	65,826	20,492	10,630	31,190
Deferred Revenue	36,788	183,247	1,585	592
Other Current Liabilities	23,435	19,863	-	26,857
Total Current Liabilities	279,524	279,639	24,267	78,471
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	306,539	307,729	195,045	149,954
Total Noncurrent Liabilities	306,539	307,729	195,045	149,954
Total Liabilities	586,063	587,368	219,312	228,425
Net Assets (Deficit)				
Invested in Capital Assets, Net of Related Debt	1,374,973	664,709	123,764	2,667
Restricted For:				
Debt Service	7,982	-	25,998	-
Clean and Drinking Water Projects	-	-	-	-
Capital Projects	141,487	-	70,426	-
Nonexpendable Purposes	11,122	875	-	-
Bond Indentures	-	-	2,120	-
Loans	5,808	-	-	-
Other Purposes	20,169	28,597	-	7,417
Unrestricted (Deficit)	251,469	100,930	50,425	(2,667)
Total Net Assets (Deficit)	\$ 1,813,010	\$ 795,111	\$ 272,733	\$ 7,417

The accompanying notes are an integral part of the financial statements.

Business-Type Activities				Governmental
Enterprise Funds				Activities
Employment Security	Clean Water	Other Funds	Total	Internal Service Funds
\$ -	\$ 4,421	\$ 151,249	\$ 750,398	\$ 8,291
204,190	-	-	204,190	-
-	-	-	49,553	-
169,070	-	13,622	476,927	244
-	291,256	8,021	303,066	-
-	11,757	470	17,400	-
9,646	9,001	441	23,165	-
1,533	-	223,441	315,114	357
-	-	-	12,918	3,946
-	-	-	159,338	-
-	-	299	16,187	1,919
384,439	316,435	397,543	2,328,256	14,757
-	196,612	42,915	346,352	-
-	26,928	233	212,043	-
-	538,410	61,913	620,007	-
-	373,763	64,140	542,449	-
-	-	548,244	3,381,524	36,649
-	17,590	2,047	50,020	-
-	1,153,303	719,492	5,152,395	36,649
384,439	1,469,738	1,117,035	7,480,651	51,406
25	9,363	61,523	291,798	5,852
26,791	-	-	47,300	66,931
918	-	-	918	-
-	67,310	8,398	203,846	118
-	-	3,292	225,504	129
-	-	231	70,386	-
27,734	76,673	73,444	839,752	73,030
498,453	739,489	159,047	2,356,256	3,067
498,453	739,489	159,047	2,356,256	3,067
526,187	816,162	232,491	3,196,008	76,097
-	-	505,237	2,671,350	36,649
-	-	4,508	38,488	-
-	634,562	95,026	729,588	-
-	-	-	211,913	-
-	-	20	12,017	-
-	-	-	2,120	-
-	-	-	5,808	-
-	-	206,983	263,166	-
(141,748)	19,014	72,770	350,193	(61,340)
\$ (141,748)	\$ 653,576	\$ 884,544	\$ 4,284,643	\$ (24,691)

Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds

For The Fiscal Year Ended June 30, 2010
(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Bradley International Airport	Connecticut Lottery Corporation
Operating Revenues				
Charges for Sales and Services	\$ 814,335	\$ 334,945	\$ 42,651	\$ 996,847
Assessments	-	-	-	-
Federal Grants, Contracts and Other Aid	169,379	41,761	-	-
State Grants, Contracts and Other Aid	26,086	16,025	-	-
Private Gifts and Grants	39,749	2,708	-	-
Interest on Loans	-	-	-	-
Other	63,317	17,580	-	173
Total Operating Revenues	1,112,866	413,019	42,651	997,020
Operating Expenses				
Salaries, Wages and Administrative	1,484,581	567,439	38,445	93,663
Lottery Prize Awards	-	-	-	608,755
Unemployment Compensation	-	-	-	-
Claims Paid	-	-	-	-
Depreciation and Amortization	118,167	49,838	21,670	465
Other	85,385	22,896	-	7,916
Total Operating Expenses	1,688,133	640,173	60,115	710,799
Operating Income (Loss)	(575,267)	(227,154)	(17,464)	286,221
Nonoperating Revenue (Expenses)				
Interest and Investment Income	3,864	1,562	1,214	12,871
Interest and Fiscal Charges	(14,971)	-	(9,356)	(12,773)
Other	19,425	(9,457)	12,652	3
Total Nonoperating Revenues (Expenses)	8,318	(7,895)	4,510	101
Income (Loss) Before Capital Contributions, Grants, Transfers, and Special Item	(566,949)	(235,049)	(12,954)	286,322
Capital Contributions	2,396	4,990	10,150	-
Federal Capitalization Grants	-	-	-	-
Transfers In	649,974	254,807	9,849	-
Transfers Out	-	-	-	(285,500)
Special Item: Transfer to General Fund	(18,000)	(2,000)	-	-
Change in Net Assets	67,421	22,748	7,045	822
Total Net Assets (Deficit) - Beginning	1,745,589	772,363	265,688	6,595
Total Net Assets (Deficit) - Ending	\$ 1,813,010	\$ 795,111	\$ 272,733	\$ 7,417

The accompanying notes are an integral part of the financial statements.

Business-Type Activities				Governmental
Enterprise Funds				Activities
Employment Security	Clean Water	Other Funds	Totals	Internal Service Funds
\$ -	\$ -	\$ 119,236	\$ 2,308,014	\$ 55,273
699,381	-	29,490	728,871	-
1,480,063	-	72,948	1,764,151	-
15,826	-	16,786	74,723	-
-	-	6,156	48,613	-
-	17,686	1,678	19,364	-
2,921	-	6,690	90,681	21
<u>2,198,191</u>	<u>17,686</u>	<u>252,984</u>	<u>5,034,417</u>	<u>55,294</u>
-	1,018	408,281	2,593,427	34,550
-	-	-	608,755	-
2,700,797	-	-	2,700,797	-
-	-	38,144	38,144	-
-	-	23,183	213,323	17,099
-	7,484	39,276	162,957	-
<u>2,700,797</u>	<u>8,502</u>	<u>508,884</u>	<u>6,317,403</u>	<u>51,649</u>
<u>(502,606)</u>	<u>9,184</u>	<u>(255,900)</u>	<u>(1,282,986)</u>	<u>3,645</u>
1,983	16,891	1,954	40,339	12
-	(44,259)	(6,269)	(87,628)	-
-	4,096	(11,821)	14,898	(13,204)
<u>1,983</u>	<u>(23,272)</u>	<u>(16,136)</u>	<u>(32,391)</u>	<u>(13,192)</u>
<u>(500,623)</u>	<u>(14,088)</u>	<u>(272,036)</u>	<u>(1,315,377)</u>	<u>(9,547)</u>
-	-	-	17,536	-
-	25,975	11,695	37,670	-
-	2,000	444,109	1,360,739	715
(3,528)	-	(9,849)	(298,877)	(100)
-	-	(1,000)	(21,000)	(5,100)
<u>(504,151)</u>	<u>13,887</u>	<u>172,919</u>	<u>(219,309)</u>	<u>(14,032)</u>
<u>362,403</u>	<u>639,689</u>	<u>711,625</u>	<u>4,503,952</u>	<u>(10,659)</u>
<u>\$ (141,748)</u>	<u>\$ 653,576</u>	<u>\$ 884,544</u>	<u>\$ 4,284,643</u>	<u>\$ (24,691)</u>

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	Business-Type Activities			
	Enterprise Funds			
	University of Connecticut & Health Center	State Universities	Bradley International Airport	Connecticut Lottery Corporation
Cash Flows from Operating Activities				
Receipts from Customers	\$ 833,571	\$ 336,975	\$ 41,672	\$ 1,003,607
Payments to Suppliers	(516,953)	(199,818)	(26,391)	(21,175)
Payments to Employees	(1,026,434)	(391,689)	(14,479)	(14,095)
Other Receipts (Payments)	320,530	79,630	-	(671,744)
Net Cash Provided by (Used in) Operating Activities	(389,286)	(174,902)	802	296,593
Cash Flows from Noncapital Financing Activities				
Proceeds from Sale of Bonds	-	-	-	-
Retirement of Bonds and Annuities Payable	-	-	-	(35,049)
Interest on Bonds and Annuities Payable	-	-	-	(13,917)
Transfers In	462,767	243,014	9,849	-
Transfers Out	-	-	-	(285,500)
Other Receipts (Payments)	11,076	1,587	-	8,758
Net Cash Flows from Noncapital Financing Activities	473,843	244,601	9,849	(325,708)
Cash Flows from Capital and Related Financing Activities				
Additions to Property, Plant and Equipment	(128,335)	(30,148)	(29,148)	(347)
Proceeds from Capital Debt	105,000	-	-	-
Principal Paid on Capital Debt	(79,655)	(18,976)	(10,145)	-
Interest Paid on Capital Debt	(53,523)	-	(9,789)	-
Transfer In	134,588	19,739	-	-
Federal Grant	595	-	-	-
Capital Contributions	-	-	18,368	-
Other Receipts (Payments)	607	-	5,930	-
Net Cash Flows from Capital and Related Financing Activities	(20,723)	(29,385)	(24,784)	(347)
Cash Flows from Investing Activities				
Proceeds from Sales and Maturities of Investments	-	2,409	-	34,078
Purchase of Investment Securities	(52)	(1,694)	-	(10,658)
Interest on Investments	3,977	1,667	1,252	14,019
(Increase) Decrease in Restricted Assets	-	-	-	-
Other Receipts (Payments)	(739)	-	15,550	(13,127)
Net Cash Flows from Investing Activities	3,186	2,382	16,802	24,312
Net Increase (Decrease) in Cash and Cash Equivalents	67,020	42,696	2,669	(5,150)
Cash and Cash Equivalents - Beginning of Year	444,978	232,777	136,286	23,420
Cash and Cash Equivalents - End of Year	\$ 511,998	\$ 275,473	\$ 138,955	\$ 18,270
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	\$ (575,267)	\$ (227,154)	\$ (17,464)	\$ 286,221
Adjustments not Affecting Cash:				
Depreciation and Amortization	118,167	49,838	21,670	465
Other	83,097	(140)	-	80
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	6,315	(9,575)	(978)	6,809
(Increase) Decrease in Due from Other Funds	(31,239)	-	-	-
(Increase) Decrease in Inventories and Other Assets	2,567	(729)	-	846
Increase (Decrease) in Accounts Payables & Accrued Liabilities	7,074	12,875	(2,426)	2,172
Increase (Decrease) in Due to Other Funds	-	(17)	-	-
Total Adjustments	185,981	52,252	18,266	10,372
Net Cash Provided by (Used In) Operating Activities	\$ (389,286)	\$ (174,902)	\$ 802	\$ 296,593
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets				
Cash and Cash Equivalents - Current	\$ 358,203	\$ 170,121	\$ 48,134	
Cash and Cash Equivalents - Noncurrent	1,473	105,352	-	
Cash and Cash Equivalents - Restricted	152,322	-	90,821	
	\$ 511,998	\$ 275,473	\$ 138,955	

The accompanying notes are an integral part of the financial statements.

Business-Type Activities				Governmental
Enterprise Funds				Activities
Employment Security	Clean Water	Other	Totals	Internal Service Funds
\$ 676,222	\$ 74,985	\$ 152,144	\$ 3,119,176	\$ 57,837
-	(7,484)	(81,474)	(853,295)	(35,597)
-	(988)	(331,870)	(1,779,555)	(13,796)
(1,173,131)	(108,977)	(116,978)	(1,670,670)	(5,765)
(496,909)	(42,464)	(378,178)	(1,184,344)	2,679
-	115,835	-	115,835	-
-	(53,745)	(5,614)	(94,408)	-
-	(37,113)	(2,405)	(53,435)	-
-	2,000	242,857	960,487	-
(3,527)	-	(9,849)	(298,876)	-
498,453	(64,430)	(3,578)	451,866	(13,205)
494,926	(37,453)	221,411	1,081,469	(13,205)
-	-	(7,625)	(195,603)	(375)
-	-	-	105,000	-
-	-	-	(108,776)	-
-	-	(3,620)	(66,932)	-
-	-	202,412	356,739	-
-	16,998	11,568	29,161	-
-	-	-	18,368	-
-	-	(45,995)	(39,458)	8,116
-	16,998	156,740	98,499	7,741
-	-	-	36,487	-
-	-	-	(12,404)	-
1,983	17,066	2,041	42,005	12
-	7,703	1,507	9,210	-
-	41,601	(4,779)	38,506	-
1,983	66,370	(1,231)	113,804	12
-	3,451	(1,258)	109,428	(2,773)
-	970	152,507	990,938	11,064
\$ -	\$ 4,421	\$ 151,249	\$ 1,100,366	\$ 8,291
\$ (502,606)	\$ 9,184	\$ (255,900)	\$ (1,282,986)	\$ 3,645
-	-	23,183	213,323	17,099
-	-	(8,712)	74,325	(4,485)
(23,088)	(51,648)	(146,628)	(218,793)	(4)
264	-	-	(30,975)	2,568
39,438	-	3,963	46,085	(1,301)
3,753	-	5,916	29,364	(14,843)
(14,670)	-	-	(14,687)	-
5,697	(51,648)	(122,278)	98,642	(966)
\$ (496,909)	\$ (42,464)	\$ (378,178)	\$ (1,184,344)	\$ 2,679

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Fiduciary Fund Financial Statements

Investment Trust Fund

External Investment Pool:

to account for the portion of the Short-Term Investment Fund that belongs to participants that are not part of the State's financial reporting entity.

Private Purpose Trust Fund

Escheat Securities:

to account for securities that are held by the State Treasurer for individuals under escheat laws of the State.

Individual fund descriptions and financial statements begin on the following pages:

Pension (and Other Employee Benefit) Trust Funds, page 128

Agency Funds, page 134

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2010

(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private- Purpose Trust Fund Escheat Securities	Agency Funds	Total
Assets					
Cash and Cash Equivalents	\$ 111,850	\$ -	\$ -	\$ 79,969	\$ 191,819
Receivables:					
Accounts, Net of Allowances	18,448	-	-	7,195	25,643
From Other Governments	2,219	-	-	-	2,219
From Other Funds	1,593	-	-	5,670	7,263
Interest	85	504	-	10	599
Investments	21,775,795	884,741	-	-	22,660,536
Inventories	-	-	-	17	17
Securities Lending Collateral	2,789,794	-	-	-	2,789,794
Other Assets	-	48	22,098	367,861	390,007
Total Assets	<u>24,699,784</u>	<u>885,293</u>	<u>22,098</u>	<u>\$ 460,722</u>	<u>26,067,897</u>
Liabilities					
Accounts Payable and Accrued Liabilities	9,930	200	-	\$ 8,537	18,667
Securities Lending Obligation	2,789,794	-	-	-	2,789,794
Due to Other Funds	2,009	-	-	19,411	21,420
Funds Held for Others	-	-	-	432,774	432,774
Total Liabilities	<u>2,801,733</u>	<u>200</u>	<u>-</u>	<u>\$ 460,722</u>	<u>3,262,655</u>
Net Assets					
Held in Trust For:					
Employees' Pension Benefits (Note 13)	21,776,447	-	-		21,776,447
Other Employee Benefits (Note 15)	121,604	-	-		121,604
Individuals, Organizations, and Other Governments	-	885,093	22,098		907,191
Total Net Assets	<u>\$ 21,898,051</u>	<u>\$ 885,093</u>	<u>\$ 22,098</u>		<u>\$ 22,805,242</u>

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Fiduciary Net Assets

Fiduciary Funds

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	Pension & Other Employee Benefit Trust Funds	Investment Trust Fund External Investment Pool	Private- Purpose Trust Fund Escheat Securities	Total
Additions				
Contributions:				
Plan Members	\$ 408,833	\$ -	\$ -	\$ 408,833
State	1,846,990	-	-	1,846,990
Municipalities	38,438	-	-	38,438
Total Contributions	2,294,261	-	-	2,294,261
Investment Income	2,730,497	4,466	-	2,734,963
Less: Investment Expense	(87,252)	(252)	-	(87,504)
Net Investment Income	2,643,245	4,214	-	2,647,459
Escheat Securities Received	-	-	87,980	87,980
Transfers In	2,740	-	-	2,740
Other	1,339	-	-	1,339
Total Additions	4,941,585	4,214	87,980	5,033,779
Deductions				
Administrative Expense	2,188	-	-	2,188
Benefit Payments and Refunds	3,444,847	-	-	3,444,847
Escheat Securities Returned or Sold	-	-	153,871	153,871
Distributions to Pool Participants	-	4,214	-	4,214
Pool's Share Transactions	-	222,575	-	222,575
Other	2,880	-	308	3,188
Total Deductions	3,449,915	226,789	154,179	3,830,883
Change in Net Assets Held In Trust For:				
Pension and Other Employee Benefits	1,491,670	-	-	1,491,670
Individuals, Organizations, and Other Governments	-	(222,575)	(66,199)	(288,774)
Net Assets - Beginning	20,406,381	1,107,668	88,297	21,602,346
Net Assets - Ending	\$ 21,898,051	\$ 885,093	\$ 22,098	\$ 22,805,242

The accompanying notes are an integral part of the financial statements.

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Component Unit Financial Statements

Major Component Units

Connecticut Housing Finance Authority:

the Connecticut Housing Finance Authority is a public instrumentality and political subdivision of the State created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development and construction of housing for low and moderate income families throughout the State.

Connecticut Health and Educational Facilities Authority:

the Connecticut Health and Educational Facilities Authority is a public instrumentality and political subdivision of the State. The Authority was created to assist certain health care institutions, institutions of higher education, and qualified for-profit and not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to programs for these institutions.

Nonmajor:

The nonmajor component units are presented beginning on page 138.

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Statement of Net Assets

Component Units

June 30, 2010

(Expressed in Thousands)

	Connecticut Housing Finance Authority <u>(12-31-09)</u>	Connecticut Health and Educational Facilities Authority	Other Component Units	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 356	\$ 160,057	\$ 160,413
Investments	-	5,427	309,304	314,731
Receivables:				
Accounts, Net of Allowances	-	191	28,711	28,902
Loans, Net of Allowances	-	-	19,133	19,133
Other	-	-	1,164	1,164
Due From Primary Government	-	-	13,019	13,019
Restricted Assets	1,052,284	451,766	80,753	1,584,803
Inventories	-	-	3,970	3,970
Other Current Assets	-	131	4,491	4,622
Total Current Assets	<u>1,052,284</u>	<u>457,871</u>	<u>620,602</u>	<u>2,130,757</u>
Noncurrent Assets:				
Investments	-	-	39,232	39,232
Accounts, Net of Allowances	-	-	16,584	16,584
Loans, Net of Allowances	-	-	157,883	157,883
Restricted Assets	4,263,301	10,040	66,391	4,339,732
Capital Assets, Net of Accumulated Depreciation	3,234	271	425,148	428,653
Other Noncurrent Assets	-	-	13,036	13,036
Total Noncurrent Assets	<u>4,266,535</u>	<u>10,311</u>	<u>718,274</u>	<u>4,995,120</u>
Total Assets	<u>5,318,819</u>	<u>468,182</u>	<u>1,338,876</u>	<u>7,125,877</u>
Liabilities				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	33,882	1,007	29,488	64,377
Current Portion of Long-Term Obligations	156,953	-	31,926	188,879
Amount Held for Institutions	-	451,766	-	451,766
Other Liabilities	27,371	-	903	28,274
Total Current Liabilities	<u>218,206</u>	<u>452,773</u>	<u>62,317</u>	<u>733,296</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	<u>4,219,630</u>	<u>2,220</u>	<u>372,363</u>	<u>4,594,213</u>
Total Noncurrent Liabilities	<u>4,219,630</u>	<u>2,220</u>	<u>372,363</u>	<u>4,594,213</u>
Total Liabilities	<u>4,437,836</u>	<u>454,993</u>	<u>434,680</u>	<u>5,327,509</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	3,234	271	282,637	286,142
Restricted:				
Debt Service	-	-	5,559	5,559
Bond Indentures	877,749	-	-	877,749
Expendable Endowments	-	-	79,812	79,812
Nonexpendable Endowments	-	-	258,498	258,498
Other Purposes	-	7,820	50,380	58,200
Unrestricted	-	5,098	227,310	232,408
Total Net Assets	<u>\$ 880,983</u>	<u>\$ 13,189</u>	<u>\$ 904,196</u>	<u>\$ 1,798,368</u>

The accompanying notes are an integral part of the financial statements.

Statement of Activities

Component Units

For The Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>
			<u>Contributions</u>	<u>Contributions</u>
Connecticut Housing Finance Authority (12/31/09)	\$ 238,891	\$ 179,067	\$ -	\$ -
Connecticut Health and Educational Facilities Authority	3,968	6,337	-	-
Other Component Units	251,036	189,719	6,185	1,309
Total Component Units	<u>\$ 493,895</u>	<u>\$ 375,123</u>	<u>\$ 6,185</u>	<u>\$ 1,309</u>

General Revenues:

Investment Income (Loss)

Contributions to Endowments

Total General Revenues

and Contributions

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.

**Net (Expense) Revenue and
Changes in Net Assets**

Connecticut Housing Finance Authority (12-31-09)	Connecticut Health & Educational Facilities Authority	Other Component Units	Totals
\$ (59,824)	\$ -	\$ -	\$ (59,824)
-	2,369	-	2,369
-	-	(53,823)	(53,823)
<u>(59,824)</u>	<u>2,369</u>	<u>(53,823)</u>	<u>(111,278)</u>
51,916	32	25,286	77,234
<u>-</u>	<u>-</u>	<u>27,581</u>	<u>27,581</u>
51,916	32	52,867	104,815
(7,908)	2,401	(956)	(6,463)
888,891	10,788	905,152	1,804,831
<u>\$ 880,983</u>	<u>\$ 13,189</u>	<u>\$ 904,196</u>	<u>\$ 1,798,368</u>

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Notes to the Financial Statements

June 30, 2010

Note 1 Summary of Significant Accounting Policies

a. Basis of Presentation

The accompanying financial statements of the State of Connecticut have been prepared in conformity with generally accepted accounting principles as prescribed in pronouncements of the Governmental Accounting Standards Board, except for the financial statements of the University of Connecticut Foundation, Incorporated (a component unit). Those statements are prepared according to generally accepted accounting principles as prescribed in pronouncements of the Financial Accounting Standards Board.

b. Reporting Entity

For financial reporting purposes, the State's reporting entity includes the "primary government" and its "component units." The primary government includes all funds, agencies, departments, bureaus, commissions, and component units that are considered an integral part of the State's legal entity. Component units are legally separate organizations for which the State is financially accountable. Financial accountability exists if (1) the State appoints a voting majority of the organization's governing board, and (2) the State is able to impose its will on the organization, or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. The State also includes a nongovernmental nonprofit corporation as a component unit because it would be misleading to exclude the corporation from the reporting entity. Component units are reported in the financial statements in a separate column (discrete presentation), or as part of the primary government (blending presentation).

Discretely Presented Component Units

Discretely presented component units include legally separate organizations for which the State appoints a voting majority of the organization's governing board and is contingently liable for the organization's debt or provides funding for the organization's programs (applies only to the Connecticut Innovations, Incorporated and the Capital City Economic Development Authority). In addition, a nongovernmental nonprofit corporation is included as a discretely presented component unit because of the nature and significance of its relationship with the State are such that it would be misleading to exclude the corporation from the State's reporting entity. The following organizations are reported in separate columns and rows in the government-wide financial statements to emphasize that they are legally separate from the primary government:

Connecticut Development Authority

The Authority is a public instrumentality and political subdivision of the State. It was created to stimulate industrial and commercial development within the State through its Self-Sustaining Bond, Umbrella, and Insurance programs as well as other economic development programs.

Connecticut Housing Finance Authority

The Authority is a public instrumentality and political subdivision of the State. It was created for the purpose of increasing the housing supply and encouraging and assisting in the purchase, development, and construction of housing for low and moderate-income families and persons throughout the State. The Authority's fiscal year is for the period ending on December 31, 2009.

Connecticut Resources Recovery Authority

The Authority is a public instrumentality and political subdivision of the State. It is responsible for implementing the State Solid Waste Management Plan by determining the location of and constructing solid waste management projects; owning, operating, and maintaining waste management projects; or making provisions for operation and maintenance by contracting with private industry.

Connecticut Higher Education Supplemental Loan Authority

The Authority is a public instrumentality and political subdivision of the State. It was created to assist students, their parents, and institutions of higher education to finance the cost of higher education through its Bond funds.

Connecticut Health and Educational Facilities Authority

The Authority is a public instrumentality and political subdivision of the State. The purpose of the Authority is to assist certain health care institutions, institutions of higher education, and qualified for-profit and not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to programs for these institutions.

Connecticut Innovations, Incorporated

The Authority is a public instrumentality and political subdivision of the State. It was established to stimulate and promote technological innovation and application of technology within Connecticut and encourage the development of new products, innovations, and inventions or markets in Connecticut by providing financial and technical assistance.

Capital City Economic Development Authority

The Authority is a public instrumentality and political subdivision of the State. It was established in 1998 to stimulate new investment in Connecticut; to attract and service large conventions, tradeshow, exhibitions, conferences, and local consumer shows, and events; to encourage the diversification of the state economy; to strengthen Hartford's role as the region's major business and industry employment center and seat of government; to encourage residential housing development in downtown Hartford; and to construct, operate, maintain and market a convention center project in Hartford.

University of Connecticut Foundation, Incorporated

The University of Connecticut Foundation, Incorporated is a nongovernmental nonprofit corporation created exclusively to solicit, receive, and administer gifts and financial resources from private sources for the benefit of all campuses and programs of the University of Connecticut and Health Center, a major Enterprise fund.

Financial statements for the major component units are included in the accompanying financial statements after the fund

financial statements. Audited financial statements issued separately by each component unit can be obtained from their respective administrative offices.

Blended Component Units

Connecticut Lottery Corporation

The Connecticut Lottery Corporation is a legally separate organization for which the State appoints a voting majority of the Corporation's governing board and which provides a significant amount of revenues to the State. The corporation is reported as part of the primary government's business-type activities in the government-wide financial statements and as a major Enterprise fund in the fund financial statements.

c. Government-wide and Fund Financial Statements

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. These statements distinguish between the governmental and business-type activities of the primary government by using separate columns and rows. Governmental activities are generally financed through taxes and intergovernmental revenues. Business-type activities are financed in whole or in part by fees charged to external parties. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Net Assets presents the reporting entity's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

1. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds issued to buy, construct, or improve those assets.
2. Restricted net assets result when constraints placed on net assets use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated to the various functions or segments. Program revenues include a) fees, fines, and charges paid by the recipients of goods or services offered by the functions or segments and b) grants and contributions that are restricted to meeting the operational or capital needs of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are reported as general revenues.

Fund Financial Statements

The fund financial statements provide information about the State's funds, including its fiduciary funds and blended component units. Separate statements for each fund category (governmental, proprietary, and fiduciary) are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The State reports the following major governmental funds:

General Fund - This is the State's primary operating fund. It is used to account for all financial resources which are not required to be accounted in other funds and which are spent for those services normally provided by the State (e.g., health, social assistance, education, etc.).

Debt Service - This fund is used to account for the resources accumulated and payments made for principal and interest on special tax obligation bonds of the Transportation fund.

Transportation - This fund is used to account for motor fuel taxes, vehicle registration and driver license fees, and other revenue collected for the purpose of payment of transportation related bonds and budgeted appropriations of the Department of Transportation. The Department of Transportation is responsible for all aspects of the planning, development, maintenance, and improvement of transportation in the State.

Restricted Grants and Accounts - This fund is used to account for resources which are restricted by Federal and other providers to be spent for specific purposes.

The State reports the following major enterprise funds:

University of Connecticut & Health Center - This fund is used to account for the operations of the University of Connecticut a comprehensive institution of higher education, which includes the University of Connecticut Health Center and John Dempsey Hospital.

State Universities - This fund is used to account for the operations of the State University System which consists of four universities: Central, Eastern, Southern, and Western.

Bradley International Airport - This fund is used to account for the financial activities of the Bradley International Airport, which is owned and operated by the State.

Connecticut Lottery Corporation - This fund is used to account for the financial activities of the State's lottery. The Corporation was created in 1996 for the purpose of generating revenues for the State's General Fund.

Employment Security - This fund is used to account for unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.

Clean Water - This fund is used to account for resources used to provide loans to municipalities to finance waste water treatment facilities.

In addition, the State reports the following fund types:

Internal Service Funds - These funds account for goods and services provided to other agencies of the State on a cost-reimbursement basis. These goods and services include prisoner-built office furnishings, information services support, telecommunications, printing, and other services.

Pension (and Other Employee Benefits) Trust Funds - These funds account for resources held in trust for the members and beneficiaries of the State's defined benefit pension plans and other employee benefits plans. These plans are discussed more fully in Notes 11, 12, and 14.

Investment Trust Fund - This fund accounts for the external portion of the State's Short-Term Investment Fund, an investment pool managed by the State Treasurer.

Private-Purpose Trust Fund - This fund accounts for escheat securities held in trust for individuals by the State Treasurer.

Agency Funds - These funds account for deposits, investments, and other assets held by the State as an agent for inmates and patients of State institutions, insurance companies, municipalities, and private organizations.

d. Measurement Focus and Basis of Accounting
Government-wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Taxes and casino gaming payments are recognized as revenues in the period when the underlying exchange transaction has occurred. Grants and similar items are recognized as revenues in the period when all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the State's enterprise and internal service funds are charges to customers for sales and services, assessments, and intergovernmental revenues. Operating expenses for enterprise and internal service funds include salaries, wages, and administrative expenses, unemployment compensation, claims paid, and depreciation expense. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. This option is followed by the following component units of the State: the Connecticut Development Authority and the Connecticut Health and Educational Facilities Authority.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The State considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Sales and use taxes, personal income taxes, public service corporation taxes, special fuel taxes, federal grants, and casino gaming payments are considered to be susceptible to accrual. Licenses, permits, and fees are not considered to be susceptible to accrual and are recognized as revenues when the cash is collected. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general-long term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the State's policy to use unrestricted resources first, and then restricted resources, as they are needed.

e. Budgeting Process

By statute, the Governor must submit the State budget to the General Assembly in February of every other year. Prior to June 30, the General Assembly enacts the budget through the passage of appropriation acts for the next two fiscal years and sets forth revenue estimates for the same period for the following funds: the General Fund, the Transportation Fund, the Mashantucket Pequot Fund, the Workers' Compensation Administration Fund, the Banking Fund, the Consumer Counsel and Public Utility Control Fund, the Insurance Fund, the Criminal Injuries Fund, the Soldiers, Sailors, and Marines Fund and the Regional Market Operations Fund. Under the State Constitution, the Governor has the power to veto any part of the itemized appropriations bill and to accept the remainder of the bill. However, the General Assembly may separately reconsider and repass the disapproved items by a two-thirds majority vote of both the Senate and the House.

Budgetary control is maintained at the individual appropriation account level by agency as established in authorized appropriation bills and is reported in the Annual Report of the State Comptroller. A separate document is necessary because the level of legal control is more detailed than reflected in the

CAFR. Before an agency can utilize funds appropriated for a particular purpose, such funds must be allotted for the specific purpose by the Governor and encumbered by the Comptroller upon request by the agency. Such funds can then be expended by the Treasurer only upon a warrant, draft or order of the Comptroller drawn at the request of the responsible agency. The allotment process maintains expenditure control over special revenue, enterprise, and internal service funds that are not budgeted as part of the annual appropriation act.

The Governor has the power under Connecticut statute to modify budgetary allotment requests for the administration, operation and maintenance of a budgeted agency. However, the modification cannot exceed 3 percent of the fund or 5 percent of the appropriation amount. Modifications beyond those limits, but not in excess of 5 percent of the total funds require the approval of the Finance Advisory Committee. The Finance Advisory Committee is comprised of the Governor, the Lieutenant Governor, the Treasurer, the Comptroller, two senate members, not of the same political party, and three house members, not more than two of the same political party. Additional reductions of appropriations of more than 5 percent of the total appropriated fund can be made only with the approval of the General Assembly.

All funds, except fiduciary funds, use encumbrance accounting. Under this method of accounting, purchase orders, contracts, and other commitments for the expenditures of the fund are recorded in order to reserve that portion of the applicable appropriation. All encumbrances lapse at year-end and, generally, all appropriations lapse at year-end except for certain continuing appropriations (continuing appropriations are defined as carryforwards of spending authority from one fiscal budget into a subsequent budget). The continuing appropriations include: appropriations continued for a one-month period after year-end which are part of a program that was not renewed the succeeding year; appropriations continued the entire succeeding year, as in the case of highway and other capital construction projects; and appropriations continued for specified amounts for certain special programs. Carryforward appropriations are reported as reservations of the fund balance in the financial statements.

The budget is prepared on a “modified cash” basis of accounting under which revenues are recognized when received, except for certain taxes which are recognized when earned. Tax revenues recognized when earned include the following: sales and use, personal income, corporation, public service corporations, petroleum companies, cigarettes, alcoholic beverages, gasoline, special motor fuel, and motor carrier road. Under the modified cash basis, expenditures are recognized when paid. A comparison of actual results of operations recorded on this basis and the adopted budget is presented in the financial statements for the General and Transportation funds. During the 2010 fiscal year, the original adopted budget was adjusted by the General Assembly and the Finance Advisory Committee.

f. Assets and Liabilities

Cash and Cash Equivalents (see Note 4)

In addition to petty cash and bank accounts, this account includes cash equivalents – short-term, highly liquid

investments with original maturities of three months or less when purchased. Cash equivalents include investments in the Short-Term Investment Fund (“STIF”) and the Tax Exempt Proceeds Fund, Inc. (“TEPF”). TEPF is a short-term, tax-exempt money market fund reported under the Investment Company Act of 1940. Investments in STIF and TEPF are reported at the fund’s share price.

In the Statement of cash flows, certain Enterprise funds exclude from cash and cash equivalents investments in STIF reported as noncurrent or restricted assets.

Investments (see Note 4)

Investments include Equity in Combined Investment Funds and other investments. Equity in Combined Investment Funds is reported at fair value based on the funds’ current share price. Other investments are reported at fair value, except for the following investments which are reported at cost or amortized cost:

- Nonparticipating interest-earning investment contracts.
- Money market investments that mature within one year or less at the date of their acquisition.
- Investments of the External Investment Pool fund (an Investment Trust fund).

The fair value of other investments is determined based on quoted market prices except for:

- The fair value of State bonds held by the Clean Water and Drinking Water funds (Enterprise funds) which is estimated using a comparison of other State bonds.
- The fair value of equity and debt securities held by the Connecticut Innovations, Incorporated, a component unit. The fair value of these investments is determined by an independent valuation committee of the Corporation, after giving consideration to pertinent information about the companies comprising the investments, including but not limited to recent sales prices of the issuer’s securities, sales growth, progress toward business goals, and other operating data.

The State invests in derivatives. These investments are held by the Combined Investment Funds and are reported at fair value in each fund’s statement of net assets.

Inventories

Inventories are reported at cost. Cost is determined by the first-in first-out (FIFO) method. Inventories in the governmental funds consist of expendable supplies held for consumption whose cost was recorded as an expenditure at the time the individual inventory items were purchased. Reported inventories in these funds are offset by a fund balance reserve to indicate that they are unavailable for appropriation.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, railways, and similar items), are reported in the applicable governmental or

business-type activities columns in the government-wide financial statements. Capital assets are defined by the State as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated fair market value at the date of donation.

Collections of historical documents, rare books and manuscripts, guns, paintings, and other items are not capitalized. These collections are held by the State Library for public exhibition, education, or research; and are kept protected, cared for, and preserved indefinitely. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are also not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements Other than Buildings	10-20
Machinery and Equipment	5-30
Infrastructure	20-28

Securities Lending Transactions (see Note 4)

Assets, liabilities, income, and expenses arising from securities lending transactions of the Combined Investment Funds are allocated ratably to the participant funds based on their equity in the Combined Investment Funds.

Deferred Revenues

In the government-wide and fund financial statements, this liability represents resources that have been received, but not yet earned. In the fund financial statements, this liability also represents revenues considered measurable but not available during the current period.

Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and issuance costs are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Other long-term obligations include compensated absences, workers' compensation claims, capital leases, claims and judgments, annuities payable, and the net pension and OPEB obligations.

In the fund financial statements, governmental fund types recognize bond premiums and bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances

are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Capital Appreciation Bonds

Capital appreciation (deep-discount) bonds issued by the State, unlike most bonds, which pay interest semi-annually, do not pay interest until the maturity of the bonds. An investor who purchases a capital appreciation bond at its discounted price and holds it until maturity will receive an amount which equals the initial price plus an amount which has accrued over the life of the bond on a semiannual compounding basis. The net value of the bonds is accreted (the discount reduced), based on this semiannual compounding, over the life of the bonds. This deep-discount debt is reported in the government-wide statement of net assets at its net or accreted value rather than at face value.

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consist of unpaid, accumulated vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Vacation and sick policy is as follows: Employees hired on or before June 30, 1977, and managers regardless of date hired can accumulate up to a maximum of 120 vacation days. Employees hired after that date can accumulate up to a maximum of 60 days. Upon termination or death, the employee is entitled to be paid for the full amount of vacation days owed. No limit is placed on the number of sick days that an employee can accumulate. However, the employee is entitled to payment for accumulated sick time only upon retirement, or after ten years of service upon death, for an amount equal to one-fourth of his/her accrued sick leave up to a maximum payment equivalent to sixty days.

Pursuant to Special Act No. 09-06, the General Assembly enacted an Early Retirement Incentive Program in order to mitigate the deficit of the General Fund of the State. Under the provisions of this program, any employee participating in the program shall be eligible for payment of accrued sick days and for the balance of unused vacation leave in accordance with the existing rules as stated above, except for one modification. The modification provides that the balance of any compensated absences shall be paid in three equal annual installments beginning during fiscal year ending June 30, 2013.

g. Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

h. Interest Rate Swap Agreements

The State has entered into interest rate swap agreements to modify interest rates on outstanding debt. These agreements

In the fund financial statements, interfund activities are reported as follows:

Interfund services provided and used - Sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. In the statement of activities, transactions between the primary government and its discretely presented component units are reported as revenues and expenses, unless they represent repayments of loans or similar activities.

Interfund reimbursements - Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are not reported in the financial statements.

Food stamps distributed to recipients during the year are recognized as both an expenditure and a revenue in the governmental fund financial statements.

Assets and liabilities of the Short-Term Investment Fund are allocated ratably to the External Investment Pool Fund based on its investment in the Short-Term Investment Fund (see Note 4). Pool income is determined based on distributions made to the pool's participants.

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

The following is a reconciliation of the net change in fund balances as reported in the budgetary and GAAP basis of

accounting statements of revenues, expenditures, and changes in fund balances (amounts in thousands):

The major differences between the budgetary (legal) and the GAAP (generally accepted accounting principles) basis of accounting as reconciled above are as follows:

1. Revenues are recorded when received in cash except for certain year-end accruals (budgetary basis) as opposed to revenues being recorded when they are susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budgetary basis) as opposed to expenditures being recorded when the related fund liability is incurred (GAAP basis).
3. For budgetary reporting purposes, continuing appropriations are reported with other financing sources and uses in the determination of the budgetary surplus or deficit to more fully demonstrate compliance with authorized spending for the year. For GAAP purposes, continuing appropriations are excluded from operations and reported as reserved fund balance.

The following funds have deficit fund/net assets balances at June 30, 2010, none of which constitutes a violation of statutory provisions (amounts in thousands).

Consumer Counsel Public Utility Control	\$ 2.188
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Bradley Parking Garage	\$ 23,789
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Administrative Services	\$ 32,732
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According to GASB Statement No. 40, “*Deposit and Investment Risk Disclosures*”, the State needs to make certain disclosures about deposit and investment risks that have the potential to result in losses. Thus, the following deposit and investment risks are discussed in this note:

Interest Rate Risk - the risk that changes in interest rates will adversely affect the fair value of an investment.

Credit Risk - the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of Credit Risk - the risk of loss attributed to the magnitude of an investment in a single issuer.

Custodial Credit Risk (deposits) - the risk that, in the event of a bank failure, the State's deposits may not be recovered.

Custodial Credit Risk (investments) - the risk that, in the event of a failure of the counterparty, the State will not be able to recover the value of investments or collateral securities that are in the possession of an outside party.

Foreign Currency Risk - the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

Primary Government

The State Treasurer is the chief fiscal officer of State government and is responsible for the prudent management and investment of monies of State funds and agencies as well as monies of pension and other trust funds. The State Treasurer with the advice of the Investment Advisory Council, whose members include outside investment professionals and pension beneficiaries, establishes investment policies and guidelines. Currently, the State Treasurer manages one Short-Term Investment Fund, one Medium-Term Investment Fund, and eleven Combined Investment Funds.

Short-Term Investment Fund (STIF)

STIF is a money market investment pool in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF in United States government and agency obligations, certificates of deposit, commercial paper, corporate bonds, savings accounts, bankers' acceptances, repurchase agreements, asset-backed securities, and student loans. STIF's investments are reported at amortized cost (which approximates fair value) in the fund's statement of net assets.

For financial reporting purposes, STIF is considered to be a mixed investment pool – a pool having external and internal portions. The external portion of STIF (i.e. the portion that belongs to participants which are not part of the State's financial reporting entity) is reported as an investment trust fund (External Investment Pool fund) in the fiduciary fund financial statements. The internal portion of STIF (i.e., the portion that belongs to participants that are part of the State's financial reporting entity) is not reported in the accompanying financial statements. Instead, investments in the internal portion of STIF by participant funds are reported as cash equivalents in the government-wide and fund financial statements.

As of June 30, 2010, STIF had the following investments and maturities (amounts in thousands):

Short-Term Investment Fund			
Investment Type	Amortized Cost	Investment Maturities (in years)	
		Less Than 1	1-5
Floating Rate Notes	\$ 35,323	\$ 35,323	\$ -
Federal Agency Securities	1,117,795	1,117,795	-
US Gov. Guaranteed Securities	187,521	177,422	10,099
Government Money Market Funds	450,000	450,000	-
Repurchase Agreements	459,126	459,126	-
Bank Commercial Paper	475,000	475,000	-
Total Investments	<u>\$ 2,724,765</u>	<u>\$ 2,714,666</u>	<u>\$ 10,099</u>

Interest Rate Risk

The STIF's policy for managing interest rate risk is to limit investment to a very short weighted average maturity, not to exceed 90 days, and to comply with Standard and Poor's requirement that the weighted average maturity not to exceed 60 days. As of June 30, 2010, the weighted average maturity of the STIF was 19 days. Additionally, STIF is allowed by policy to invest in floating-rate securities, and investments in such securities with maturities up to two years are limited to no more than 20 percent of the overall portfolio. For purposes of the fund's weighted average maturity calculation, variable-rate securities are calculated using their rate reset date. Because these securities reprice frequently to prevailing market rates, interest rate risk is substantially reduced. As of June 30, 2010, the amount of STIF's investments in variable-rate securities was \$919 million.

Credit Risk

The STIF's policy for managing credit risk is to invest in debt securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations. As of June 30, 2010, STIF's investments were rated by Standard and Poor's as follows (amounts in thousands):

Short-Term Investment Fund				
Investment Type	Amortized Cost	Quality Ratings		
		AAA	AA	Unrated
Floating Rate Notes	\$ 35,323	\$ -	\$ -	\$ 35,323
Federal Agency Securities	1,117,795	1,117,795	-	-
US Gov. Guaranteed and Insured Securities	187,521	187,521	-	-
Government Money Market Funds	450,000	450,000	-	-
Repurchase Agreements	459,126	-	459,126	-
Bank Commercial Paper	475,000	-	475,000	-
Total Investments	<u>\$ 2,724,765</u>	<u>\$ 1,755,316</u>	<u>\$ 934,126</u>	<u>\$ 35,323</u>

Concentration of Credit Risk

STIF reduces its exposure to this risk by requiring that not more than 10 percent of its portfolio be invested in securities of any one issuer, except for overnight or two-business day repurchase agreements and U.S. government and agency securities. As of June 30, 2010, STIF's investments in any one issuer that represents more than 5 percent of total investments were as follows (amounts in thousands):

Investment Issuer	Amortized
	Cost
US Bank	\$ 475,000
Federal Home Loan Bank	\$ 297,005
RBS Citizens Bank	\$ 359,126
Federal Farm Credit	\$ 337,924
Freddie Mac	\$ 401,748
Goldman Sacks	\$ 253,298
BlackRock	\$ 225,000

Custodial Credit Risk-Bank Deposits-Nonnegotiable Certificate of Deposits and NOW Accounts (amounts in thousands):

The STIF follows policy parameters that limit deposits in any one entity to a maximum of ten percent of assets. Further, the certificate of deposits must be issued from commercial banks

whose short-term debt is rated at least A-1 by Standard and Poor's and F-1 by Fitch and whose long-term debt is rated at least A and its issuer rating is at least "C". As of June 30, 2010, \$1,854,000 of the bank balance of STIF's deposits of \$1,855,000 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 1,668,600
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	185,400
Total	\$ 1,854,000

Short-Term Plus Investment Fund (STIF Plus)

STIF Plus is a money market and short-term bond investment pool in which the State, municipal entities, and political subdivisions of the State are eligible to invest. The State Treasurer is authorized to invest monies of STIF Plus in U.S. government and agency obligations, certificates of deposit, commercial paper, corporate bonds, saving accounts, bankers' acceptance, repurchase agreements, and asset-backed securities. STIF Plus' investments are reported at fair value on the fund's statement of net assets.

For financial reporting purposes, STIF Plus is considered to be an internal investment pool and is not reported in the accompanying financial statements. Instead, investments in STIF Plus by participant funds are reported as other investments in the government-wide and fund financial statements.

As of June 30, 2010, STIF Plus had the following investments and maturities (amount in thousands):

Short-Term Plus Investment Fund

Investment Type	Fair Value	Investment Maturities (in years)	
		Less Than 1	1-5
Corporate Notes	\$ 44,478	\$ 44,478	\$ -
Asset Backed Securities	8,064	5,574	2,490
Total Investments	\$ 52,542	\$ 50,052	\$ 2,490

Interest Rate Risk

STIF Plus' policy for managing this risk is to perform, on a quarterly basis, an interest rate sensitivity analysis on the duration and the market value of the portfolio to determine the potential effect of a 200 basis point movement in interest rates. As of June 30, 2010, the weighted average maturity of STIF Plus was 105 days. In addition, STIF Plus is allowed to invest in floating-rate debt securities. For purposes of the fund's weighted average maturity calculation, variable-rate securities are calculated using their rate reset date. Because these securities reprise frequently to prevailing market rates, interest rate risk is substantially reduced. As of June 30, 2010, STIF Plus's investment in variable-rate securities was \$50 million.

Credit Risk

The STIF Plus manages its credit risk by investing only in debt securities that fall within the highest short-term or long-term rating categories by nationally recognized rating organizations. As of June 30, 2010, STIF Plus' investments were rated by Standard and Poor's as follows (amounts in thousands):

Investment Type	Fair Value	Short-Term Plus Investment Fund Quality Ratings				
		AAA	AA	A	B	C
Corporate Notes	\$ 44,477	\$ -	\$ 17,992	\$ 26,485	\$ -	\$ -
Asset Backed Securities	8,065	5,267	-	-	1,585	1,213
Total	\$ 52,542	\$ 5,267	\$ 17,992	\$ 26,485	\$ 1,585	\$ 1,213

Concentration of Credit Risk

STIF Plus' policy for managing this risk is to limit the amount it may invest in any single corporate entity or federal agency to 5 percent and 15 percent, respectively, at the time of purchase. As of June 30, 2010, STIF Plus' investments in any one issuer that represents more than 5 percent of total investments were as follows (amounts in thousands):

Investment Issuer	Fair Value
GE Capital Corp	\$ 10,000
Goldman Sachs	\$ 9,831
Merrill Lynch	\$ 9,712
Wells Fargo	\$ 7,993
Citigroup	\$ 6,942

Combined Investment Funds (CIFS)

The CIFS are open-ended, unitized portfolios in which the State pension trust and permanent funds are eligible to invest. The State pension trust and permanent funds own the units of the CIFS. The State Treasurer is also authorized to invest monies of the CIFS in a broad range of fixed income and equity securities, as well as real estate properties, mortgages and private equity. CIFS' investments are reported at fair value in each fund's statement of net assets.

For financial reporting purposes, the CIFS are considered to be internal investment pools and are not reported in the accompanying financial statements. Instead, investments in the CIFS by participant funds are reported as equity in the CIFS in the government-wide and fund financial statements. As of June 30, 2010, the amount of equity in the CIFS reported in the financial statements was as follows (amounts in thousands):

	Primary Government		Fiduciary Funds
	Governmental Activities	Business-Type Activities	
Equity in the CIFS	\$ 93,193	\$ 603	\$ 21,775,795
Other Investments	696,910	48,950	884,741
Total Investments-Current	\$ 790,103	\$ 49,553	\$ 22,660,536

Connecticut

As of June 30, 2010, the CIFS had the following investments and maturities (amounts in thousands):

Combined Investment Funds

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Cash Equivalents	\$ 1,640,653	\$ 1,476,783	\$ -	\$ -	\$ 163,870
Asset Backed Securities	91,299	1,442	83,312	6,545	-
Government Securities	2,823,711	284,301	968,336	712,400	858,674
Government Agency Securities	834,379	1,873	44,190	57,216	731,100
Mortgage Backed Securities	323,167	3,651	49,252	9,874	260,390
Corporate Debt	1,603,717	92,533	599,208	624,132	287,844
Convertible Debt	42,184	2,708	24,393	2,068	13,015
Mutual Fund	273,962	-	-	-	273,962
Total Debt Instruments	7,633,072	<u>\$ 1,863,291</u>	<u>\$ 1,768,691</u>	<u>\$ 1,412,235</u>	<u>\$ 2,588,855</u>
Common Stock	10,344,405				
Preferred Stock	68,897				
Real Estate Investment Trust	98,856				
Mutual Fund	736,370				
Limited Liability Corporation	4,239				
Trusts	2,709				
Limited Partnerships	2,896,391				
Total Investments	<u>\$ 21,784,939</u>				

Interest Rate Risk

CIFS' investment managers are given full discretion to manage their portion of CIFS' assets within their respective guidelines and constraints. The guidelines and constraints require each manager to maintain a diversified portfolio at all times. In addition, each core manager is required to maintain a target duration that is similar to its respective benchmark which is typically the Barclays Aggregate-an intermediate duration index.

Credit Risk

The CIFS minimizes exposure to this risk in accordance with a comprehensive investment policy statement, as developed by the Office of the Treasurer and the State's Investment Advisory Council, which provides policy guidelines for the CIFS and includes an asset allocation plan. The asset allocation plan's main objective is to maximize investment returns over the long term at an acceptable level of risk. As of June 30, 2010, CIFS' debt investments were rated by Moody's as follows (amounts in thousands):

Combined Investment Funds

		Asset		Government		Mortgage			
	Fair Value	Cash	Backed	Government	Agency	Backed	Corporate	Convertible	Mutual
		Equivalents	Securities	Securities	Securities	Securities	Debt	Debt	Fund
Aaa	\$ 3,038,956	\$ -	\$ 55,094	\$ 1,921,763	\$ 738,171	\$ 191,445	\$ 132,483	\$ -	\$ -
Aa	300,391	35,700	7,834	70,879	-	9,628	176,350	-	-
A	410,861	44,000	271	129,918	-	3,955	232,355	362	-
Baa	558,753	-	1,199	236,443	-	14,137	306,877	97	-
Ba	304,201	-	-	133,776	-	5,885	162,782	1,758	-
B	330,843	-	-	42,516	-	203	281,022	7,102	-
Caa	139,359	-	-	-	-	6,814	130,146	2,399	-
Ca	7,252	-	-	1,748	-	-	5,504	-	-
C	1,469	-	-	-	-	877	592	-	-
MIG 1	8,259	-	-	8,259	-	-	-	-	-
Prime 1	345,685	314,245	1,440	-	-	-	30,000	-	-
Not Rated	2,187,044	1,246,709	25,461	278,409	96,208	90,222	145,606	30,467	273,962
Total	<u>\$ 7,633,073</u>	<u>\$ 1,640,654</u>	<u>\$ 91,299</u>	<u>\$ 2,823,711</u>	<u>\$ 834,379</u>	<u>\$ 323,166</u>	<u>\$ 1,603,717</u>	<u>\$ 42,185</u>	<u>\$ 273,962</u>

Foreign Currency Risk

The CIFS manage exposure to this risk by utilizing a strategic hedge ratio of 50 percent for the developed market portion of the International Stock Fund (a Combined Investment Fund). This strategic hedge ratio represents the neutral stance or desired long-term exposure to currency for the ISF. To implement this policy, currency specialists actively manage the currency portfolio as an overlay strategy to the equity investment managers. These specialists may manage the portfolio passively or actively depending on opportunities in the market place. While managers within the fixed income portion of the portfolio are allowed to invest in non-U.S. denominated securities, managers are required to limit that investment to a portion of their respective portfolios. As of June 30, 2010, CIFS' foreign deposits and investments were as follows (amounts in thousands):

Foreign Currency	Combined Investment Funds										Equities	
	Fixed Income Securities											Real Estate
			Government	Mutual	Corporate	Convertible			Mortgage			Investment
	Total	Cash	Securities	Funds	Debt	Securities	Asset Backed	Backed	Common Stock	Preferred Stock	Trust	
Argentine Peso	\$ 1,084	\$ 77	\$ 1,007	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Australian Dollar	258,256	309	12,197	-	17,519	-	-	-	214,960	19.00	13,252	
Brazilian Real	179,428	3,166	50,777	-	7,234	295	-	-	76,404	41,552	-	
Canadian Dollar	100,682	442	8,160	-	-	-	-	-	92,080	-	-	
Chilean Peso	1,084	1	-	-	582	-	-	-	345	156	-	
Colombian Peso	16,603	-	7,619	-	8,984	-	-	-	-	-	-	
Czech Koruna	15,382	211	-	-	-	-	-	-	15,171	-	-	
Danish Krone	44,277	215	-	-	-	-	-	-	44,062	-	-	
Egyptian Pound	21,263	239	5,989	-	-	-	-	-	15,035	-	-	
Euro Currency	1,229,218	3,989	39,040	-	6,524	-	2,149	1,538	1,158,612	13,634	3,732	
Ghana Cedi	240	-	240	-	-	-	-	-	-	-	-	
Hong Kong Dollar	423,373	600	-	93	-	-	-	-	422,052	-	628	
Hungarian Forint	39,427	366	8,177	-	-	-	-	-	30,884	-	-	
Iceland Krona	2	2	-	-	-	-	-	-	-	-	-	
Indian Rupee	238	-	-	-	238	-	-	-	-	-	-	
Indonesian Rupiah	92,502	125	13,066	-	13,083	-	-	-	66,228	-	-	
Israeli Shekel	336	-	-	-	-	-	-	-	336	-	-	
Japanese Yen	889,509	4,767	4,160	-	-	362	-	-	878,277	-	1,943	
Kazakhstan Tenge	2,063	-	-	-	2,063	-	-	-	-	-	-	
Malaysian Ringgit	76,137	15	22,445	-	3,679	-	-	-	49,998	-	-	
Mexican Peso	96,933	1,839	41,406	-	-	-	-	-	53,688	-	-	
Moroccan Dirham	430	30	-	-	-	-	-	-	400	-	-	
New Russian Rubel	3,622	70	-	-	3,552	-	-	-	-	-	-	
New Taiwan Dollar	64,030	474	-	-	-	-	-	-	63,556	-	-	
New Zealand Dollar	42,681	191	32,822	49	-	-	-	-	9,609	-	10	
Nigerian Naira	3,934	-	-	-	3,934	-	-	-	-	-	-	
Norwegian Krone	32,836	111	6,431	-	-	-	-	-	26,294	-	-	
Pakistan Rupee	170	170	-	-	-	-	-	-	-	-	-	
Peruvian Nuevo Sol	1,296	-	1,296	-	-	-	-	-	-	-	-	
Philippine Peso	21,160	11	-	-	-	-	-	-	21,149	-	-	
Polish Zloty	60,926	5	33,589	-	-	-	-	-	27,332	-	-	
Pound Sterling	789,570	1,744	-	-	-	-	-	-	784,189	-	3,637	
Singapore Dollar	79,385	513	-	-	-	-	-	-	74,600	-	4,272	
South African Rand	115,933	982	26,425	-	96	-	-	-	88,430	-	-	
South Korean Won	386,354	466	5,369	-	-	-	-	-	369,387	11,132	-	
Sri Lanka Rupee	202	-	-	-	202	-	-	-	-	-	-	
Swedish Krona	93,854	1,647	-	-	-	-	-	-	92,207	-	-	
Swiss Franc	345,585	651	-	-	-	-	-	-	344,934	-	-	
Thailand Baht	96,871	-	9,468	-	996	-	-	-	86,407	-	-	
Turkish Lira	111,662	308	17,446	-	-	-	-	-	93,908	-	-	
Zambian Kwacha	362	-	-	-	362	-	-	-	-	-	-	
Total	\$ 5,738,900	\$ 23,736	\$ 347,129	\$ 142	\$ 69,048	\$ 657	\$ 2,149	\$ 1,538	\$ 5,200,534	\$ 66,493	\$ 27,474	

Derivatives

As of June 30, 2010, the CIFS held the following derivative investments:

Derivative Investments	Fair Value
Asset Backed Securities	\$ 74,806
Mortgage Backed Securities	109,747
Collateralized Mortgage Obligations	229,719
TBA's	101,398
Interest Only Securities	709
Options	942
Adjustable Rate Securities	1,110,057
Total	\$ 1,627,378

The CIFS invest in derivative investments for trading purposes and to enhance investment returns. The credit exposure resulting from these investments is limited to their fair value at year end.

The CIFS also invest in foreign currency contracts. Contracts to buy are used to acquire exposure to foreign currencies, while contracts to sell are used to hedge the CIFS' investments against currency fluctuations. Losses may arise from changes in the value of the foreign currency or failure of the counterparties to perform under the contracts' terms. As of June 30, 2010, the fair value of contracts to buy and contracts to sell was \$4,248 million and \$4,182 million, respectively.

Custodial Credit Risk-Bank Deposits

The CIFS minimize this risk by maintaining certain restrictions set forth in the Investment Policy Statement. The CIFS use a Liquidity Account which is a cash management pool investing in highly liquid money market securities. As of June 30, 2010, the CIFS had deposits with a bank balance of \$40.2 million which was uninsured and uncollateralized.

Complete financial information about the STIF, STIF Plus, and the CIFS can be obtained from financial statements issued by the Office of the State Treasurer.

Other Investments

As of June 30, 2010, the State had other investments and maturities as follows (amounts in thousands):

Investment Type	Other Investments				
	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Repurchase Agreements	\$ 4,999	\$ 4,999	\$ -	\$ -	\$ -
State Bonds	42,866	1,730	5,921	17,346	17,869
U.S. Government Securities	80,746	27,294	39,149	10,928	3,375
Guaranteed Investment Contracts	390,651	105,930	55,680	109,048	119,993
Tax Exempt Proceeds Fund	16,203	16,203	-	-	-
Money Market Funds	10,584	10,584	-	-	-
Total Debt Investments	546,049	\$ 166,740	\$ 100,750	\$ 137,322	\$ 141,237
Annuity Contracts	179,569				
Endowment Pool	9,649				
Limited Partnership	150				
Total Investments	\$ 735,417				

Credit Risk

As of June 30, 2010, other investments were rated by Standard and Poor's as follows (amounts in thousands):

Investment Type	Other Investments				
	Fair Value	AAA	Quality Ratings		
			AA	A	Unrated
Repurchase Agreements	\$ 4,999	\$ 4,999	\$ -	\$ -	\$ -
State Bonds	42,866	-	42,866	-	-
Guaranteed Investment Contracts	390,651	71,516	216,266	102,869	-
Tax Exempt Proceeds Fund	16,203	-	-	-	16,203
Money Market Funds	10,584	11	-	-	10,573
Total	\$ 465,303	\$ 76,526	\$ 259,132	\$ 102,869	\$ 26,776

Custodial Credit Risk-Bank Deposits (amounts in thousands):

The State maintains its deposits at qualified financial institutions located in the state to reduce its exposure to this risk. These institutions are required to maintain, segregated from its other assets, eligible collateral in an amount equal to 10 percent, 25 percent, 100 percent, or 120 percent of its public deposits. The collateral is held in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank. As of June 30, 2010, \$786,662 of the bank balance of the Primary Government of \$791,904 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 707,485
Uninsured and collateral held by trust department of either the pledging bank or another bank not in the name of the State	79,177
Total	\$ 786,662

Component Units

The Connecticut Housing Finance Authority (CHFA) and the Connecticut Health and Education Facilities Authority (CHEFA) reported the following investments and maturities as of 12-31-09 and 6-30-10, respectively (amounts in thousands):

Investment Type	Major Component Units			
	Fair Value	Investment Maturities (in years)		
		Less Than 1	1-5	More Than 10
Collateralized Mortgage Obligations	\$ 1,247	\$ -	\$ -	\$ 1,247
Corporate Finance Bonds	5,428	-	5,428	-
Federated Funds	868	868	-	-
Fidelity Tax Exempt Fund	17,773	17,773	-	-
GNMA Program Assets	936,829	-	-	936,829
Guaranteed Investment Contracts	36,241	-	36,241	-
Mortgage Backed Securities	2,403	-	413	1,990
Repurchase Agreements	4,555	-	-	4,555
U.S. Government Securities	2,262	1,496	-	766
Structured Securities	685	-	-	685
Money Market Funds	412,676	412,676	-	-
Total	\$ 1,420,967	\$ 432,813	\$ 42,082	\$ 946,072

The CHFA and the CHEFA own 68.3 percent and 31.7 percent of the above investments, respectively. GNMA Program Assets represent securitized home mortgage loans of CHFA which are guaranteed by the Government National Mortgage Association.

Interest Rate Risk

CHFA

Exposure to declines in fair value is substantially limited to GNMA Program Assets. The Authority's investment policy requires diversification of its investment portfolio to eliminate the risk of loss resulting from, among other things, an over-concentration of assets in a specific maturity.

CHEFA

The Authority manages its exposure to this risk by designing its portfolio of unrestricted investments with the objective of regularly exceeding the average return of 90 day U.S. Treasury Bills. This is considered to be a benchmark for riskless investment transactions and therefore represents a minimum standard for the portfolio's rate of return. The Authority's policy as it relates to restricted investments provides that all restricted accounts be invested in strict accordance with the bond issue trust indentures, with the above policy and with applicable Connecticut State Law.

Credit Risk

CHFA

The Authority's investments are limited by state Statutes to United States Government obligations, including its agencies or instrumentalities, investments guaranteed by the state, investments in the CIFS, and other obligations which are legal investments for savings banks in the state. Repurchase agreements, certificate of deposits, and the Federated and Fidelity Funds are fully collateralized by obligations issued by the United States Government or its agencies. Mortgage Backed Securities are fully collateralized by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Government National Mortgage Association, and Collateralized Mortgage Obligations are fully collateralized by the United States Department of Housing and Urban Development mortgage pools.

CHEFA

The Authority has an investment policy that would further limit its investment choices beyond those limited by state statutes for both unrestricted and restricted investments. For example, investments that may be purchased by the Authority with the written approval of an officer, provided that the investment has a maturity of one year or less, are as follows: obligations issued or guaranteed by the U.S. Government, including FDIC; qualified money market funds investing in short-term securities as permitted by the Authority's enabling legislation; State's Short-Term Investment Fund (STIF) provided it maintains a "AAA" rating by Standard and Poor's; and qualified repurchase agreements secured by obligations issued or guaranteed by the U.S. Government.

CHFA's and CHEFA's investments were rated as of 12-31-09 and 6-30-10, respectively, as follows (amounts in thousands):

Investment Type	Component Units					
	Fair Value	Quality Ratings				
		AAA	AA	BBB	D	Unrated
Collateralized Mortgage Obligations	\$ 1,247	\$ -	\$ 1,247	\$ -	\$ -	\$ -
Corporate Finance Bonds	5,428	-	-	5,428	-	-
Federated Funds	868	-	-	-	-	868
Fidelity Tax Exempt Fund	17,773	-	-	-	-	17,773
GNMA Assets	936,829	-	-	-	-	936,829
Guaranteed Investment Contracts	36,241	-	36,241	-	-	-
Mortgage Backed Securities	2,403	-	-	-	-	2,403
Repurchase Agreements	4,555	-	-	-	-	4,555
Structured Securities	685	-	-	-	685	-
Money Market Funds	412,676	412,676	-	-	-	-
Total	\$ 1,418,705	\$ 412,676	\$ 37,488	\$ 5,428	\$ 685	\$ 962,428

Concentration of Credit Risk

CHFA

The Authority's investment policy requires diversification of its investment portfolio to eliminate the risk of loss resulting from, among other things, an over-concentration of assets with a specific issuer. As of December 31, 2010, the Authority had no investments in any one issuer that represents 5 percent or more of total investments, other than investments guaranteed by the U.S. Government (GNMA Program Assets).

CHEFA

For unrestricted investments, the Authority places limits on the amount of investment in any one issuer. No issuer other than the United States Treasury or the State's Short-Term Investment Fund shall constitute greater than 5 percent of unrestricted investments, except for qualified money market or mutual bond funds, none of which shall constitute greater than 50 percent of general fund investments. At year end, the Authority was in compliance with this policy. The Authority places no limit on the amount of investments in any one issuer for restricted investments. At year end, the Authority's guaranteed investment contracts with Trinity Funding LLC exceeded 5 percent of the Authority's portfolio.

Security Lending Transactions

Certain of the Combined Investment Funds are permitted by State Statute to engage in security lending transactions to provide incremental returns to the funds. The funds' master custodian is authorized to lend available securities to authorized broker-dealers and banks subject to a form loan agreement.

During the year, the master custodian lent certain securities and received cash or other collateral as indicated on the Securities Lending Authorization Agreement. The master custodian did not have the ability to pledge or sell collateral securities received absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 100 percent of the market value of the loaned securities.

According to the Agreement, the master custodian has an obligation to indemnify the funds in the event any borrower failed to return the loaned securities or pay distributions thereon. There were no such failures during the fiscal year that resulted in a declaration and notice of Default of the Borrower. During the fiscal year, the funds and the borrowers maintained the right to terminate all securities lending transactions upon notice. The cash collateral received on each loan was invested in an individual account known as the State of Connecticut Collateral Investment Trust. At year end, the funds had no credit exposure to borrowers because the value of the collateral held and the market value of securities on loan were \$2,830.3 million and \$2,751.0 million, respectively.

Under normal circumstances, the average duration of collateral investments is managed so that it will not exceed (a) 120 days or (b) the average duration of the loans by more than 45 days. If any of these limits is exceeded for any 3-day period, the Trustee shall take certain actions. At year end, the average duration of the collateral investments was 25.9 days; the average duration of the loans was unknown, although it is assumed to remain at 1 day.

Note 5 Receivables-Current

As of June 30, 2010, current receivables consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Taxes	\$ 1,212,937	\$ -	\$ -
Accounts	1,019,504	567,175	29,099
Loans-Current Portion	-	303,066	21,327
Other Governments	971,554	23,165	-
Interest	1,337	12,679	618
Other (1)	19,898	4,721	546
Total Receivables	3,225,230	910,806	51,590
Allowance for Uncollectibles	(951,180)	(90,248)	(2,391)
Receivables, Net	\$ 2,274,050	\$ 820,558	\$ 49,199

(1) Includes a reconciling amount of \$19,898 from fund financial statements to government-wide financial statements.

Note 6 Taxes Receivable

Taxes receivable consisted of the following as of June 30, 2010 (amounts in thousands):

	Governmental Activities		
	General Fund	Transportation Fund	Total
Sales and Use	\$ 541,466	\$ -	\$ 541,466
Income Taxes	367,087	-	367,087
Corporations	39,522	-	39,522
Gasoline and Special Fuel	-	43,091	43,091
Various Other	221,771	-	221,771
Total Taxes Receivable	1,169,846	43,091	1,212,937
Allowance for Uncollectibles	(190,630)	-	(190,630)
Taxes Receivable, Net	\$ 979,216	\$ 43,091	\$ 1,022,307

Note 7 Receivables-Noncurrent

Noncurrent receivables for the primary government and its component units, as of June 30, 2010, consisted of the following (amounts in thousands):

	Primary Government		
	Governmental Activities	Business-Type Activities	Component Units
Accounts	\$ -	\$ -	\$ 16,584
Loans	256,463	622,817	169,174
Total Receivables	256,463	622,817	185,758
Allowance for Uncollec	(2,706)	(2,810)	(11,291)
Receivables, Net	\$ 253,757	\$ 620,007	\$ 174,467

The Clean Water fund (business-type activities) loans funds to qualified municipalities for planning, design, and construction of water quality projects. These loans are payable over a 20 year period at an annual interest rate of 2 percent and are secured by the full faith and credit or revenue pledges of the municipalities, or both. At year end, the noncurrent portion of loans receivable was \$538.4 million.

The Connecticut Higher Education Supplemental Loan Authority (a component unit) makes loans to individuals from the proceeds of bonds issued by the Authority. The loans bear interest rates ranging from 0 percent to 9.7 percent. At year end, the noncurrent portion of loans receivable was \$106.7 million.

Note 8 Restricted Assets

Restricted assets are defined as resources that are restricted by legal or contractual requirements. As of June 30, 2010, restricted assets were comprised of the following (amounts in thousands):

	Cash & Cash Equivalents	Investments	Loans, Net of Allowances	Other	Total Restricted Assets
Governmental Activities:					
Debt Service	\$ 687,752	\$ -	\$ -	\$ -	\$ 687,752
Environmental	3,449	-	-	-	3,449
Total-Governmental Activities	\$ 691,201	\$ -	\$ -	\$ -	\$ 691,201
Business-Type Activities:					
Bradley International Airport	\$ 90,821	\$ 13,258	\$ -	\$ 2,225	\$ 106,304
UConn/Health Center	152,322	-	-	5,258	157,580
Clean Water	67,543	306,220	-	-	373,763
Other Proprietary	37,838	26,302	-	-	64,140
Total-Business-Type Activities	\$ 348,524	\$ 345,780	\$ -	\$ 7,483	\$ 701,787
Component Units:					
CHFA	\$ 666,467	\$ 952,027	\$ 3,373,682	\$ 323,409	\$ 5,315,585
CHEFA	461,702	-	-	104	461,806
Other Component Units	113,316	25,115	-	8,713	147,144
Total-Component Units	\$ 1,241,485	\$ 977,142	\$ 3,373,682	\$ 332,226	\$ 5,924,535

Note 9 Current Liabilities

a. Accounts Payable and Accrued Liabilities

As of June 30, 2010, accounts payable and accrued liabilities consisted of the following (amounts in thousands):

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Interest</u>	<u>Other</u>	<u>Total Payables & Accrued Liabilities</u>
Governmental Activities:					
General	\$ 121,988	\$ 250,302	\$ -	\$ -	\$ 372,290
Transportation	15,376	13,767	-	-	29,143
Other Governmental	202,001	23,645	-	16,126	241,772
Internal Service	2,325	2,374	-	1,153	5,852
Reconciling amount from fund financial statements to government-wide financial statements	-	-	157,020	5,742	162,762
Total-Governmental Activities	<u>\$ 341,690</u>	<u>\$ 290,088</u>	<u>\$ 157,020</u>	<u>\$ 23,021</u>	<u>\$ 811,819</u>
Business-Type Activities:					
UConn/Health Center	\$ 30,448	\$ 79,275	\$ -	\$ 28,127	\$ 137,850
State Universities	9,993	40,909	1,917	-	52,819
Other Proprietary	20,162	31,011	19,055	30,901	101,129
Total-Business-Type Activities	<u>\$ 60,603</u>	<u>\$ 151,195</u>	<u>\$ 20,972</u>	<u>\$ 59,028</u>	<u>\$ 291,798</u>
Component Units:					
CHFA	\$ -	\$ -	\$ 22,617	\$ 11,265	\$ 33,882
Other Component Units	2,739	-	1,478	26,278	30,495
Total-Component Units	<u>\$ 2,739</u>	<u>\$ -</u>	<u>\$ 24,095</u>	<u>\$ 37,543</u>	<u>\$ 64,377</u>

b. Notes Payable

Notes payable consist of the short-term portion of Bond Anticipation Notes as described in Note 18. The activity for the notes for the year ended June 30, 2010 was as follows (amounts in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bond Anticipation Notes	\$ 353,085	\$ -	\$ -	\$ 353,085

Note 10 Capital Assets

Capital asset activity for the year was as follows (amounts in thousands):

	<u>Beginning Balance (1)</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets not being Depreciated:				
Land	\$ 1,393,950	\$ 168,649	\$ 549	\$ 1,562,050
Construction in Progress	1,352,502	865,112	498,237	1,719,377
Total Capital Assets not being Depreciated	2,746,452	1,033,761	498,786	3,281,427
Other Capital Assets:				
Buildings	2,882,181	323,408	31,070	3,174,519
Improvements Other than Buildings	470,170	3,020	1,766	471,424
Equipment	1,750,385	129,865	229,611	1,650,639
Infrastructure	12,266,463	289,318	-	12,555,781
Total Other Capital Assets at Historical Cost	17,369,199	745,611	262,447	17,852,363
Less: Accumulated Depreciation For:				
Buildings	1,673,310	79,363	31,070	1,721,603
Improvements Other than Buildings	248,286	23,750	1,766	270,270
Equipment	1,541,821	294,753	229,611	1,606,963
Infrastructure	6,457,874	507,228	-	6,965,102
Total Accumulated Depreciation	9,921,291	905,094 *	262,447	10,563,938
Other Capital Assets, Net	7,447,908	(159,483)	-	7,288,425
Governmental Activities, Capital Assets, Net	<u>\$10,194,360</u>	<u>\$ 874,278</u>	<u>\$ 498,786</u>	<u>\$ 10,569,852</u>

(1) Restated - See Note No. 23

* Depreciation expense was charged to functions as follows:

Governmental Activities:	
Legislative	\$ 5,879
General Government	49,749
Regulation and Protection	32,794
Conservation and Development	15,279
Health and Hospitals	14,656
Transportation	652,918
Human Services	2,207
Education, Libraries and Museums	41,731
Corrections	49,909
Judicial	23,111
Capital assets held by the government's internal service funds are charged to the various functions based on the usage of the assets	16,861
Total Depreciation Expense	<u>\$ 905,094</u>

Connecticut

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-Type Activities				
Capital Assets not being Depreciated:				
Land	\$ 59,628	\$ -	\$ 1	\$ 59,627
Construction in Progress	193,135	99,765	98,760	194,140
Total Capital Assets not being Depreciated	252,763	99,765	98,761	253,767
Capital Assets being Depreciated:				
Buildings	3,783,753	161,517	1,579	3,943,691
Improvements Other Than Buildings	494,703	25,244	447	519,500
Equipment	939,157	58,901	39,840	958,218
Total Other Capital Assets at Historical Cost	5,217,613	245,662	41,866	5,421,409
Less: Accumulated Depreciation For:				
Buildings	1,291,005	123,917	823	1,414,099
Improvements Other Than Buildings	243,430	21,920	44	265,306
Equipment	584,386	68,100	38,239	614,247
Total Accumulated Depreciation	2,118,821	213,937	39,106	2,293,652
Other Capital Assets, Net	3,098,792	31,725	2,760	3,127,757
Business-Type Activities, Capital Assets, Net	<u>\$ 3,351,555</u>	<u>\$ 131,490</u>	<u>\$ 101,521</u>	<u>\$ 3,381,524</u>

Component Units

Capital assets of the component units consisted of the following as of June 30, 2010 (amounts in thousands):

Land	\$ 29,031
Buildings	320,700
Improvements other than Buildings	3,067
Machinery and Equipment	415,139
Construction in Progress	14,670
Total Capital Assets	782,607
Accumulated Depreciation	(353,954)
Capital Assets, net	<u>\$ 428,653</u>

Note 11 State Retirement Systems

The State sponsors three major public employee retirement systems: the State Employees' Retirement System (SERS)-consisting of Tier I (contributory), Tier II (noncontributory) and Tier IIA (contributory), the Teachers' Retirement System (TRS), and the Judicial Retirement System (JRS).

The State Comptroller's Retirement Division under the direction of the Connecticut State Employees Retirement Division administers SERS and JRS. The Teachers' Retirement Board administers TRS. None of the above mentioned systems issue stand-alone financial reports. However, financial statements for SERS, TRS, and JRS are presented in Note No. 13.

Plan Descriptions and Funding Policy

Membership of each plan consisted of the following at the date of the latest actuarial evaluation:

	<u>SERS 6/30/2010</u>	<u>TRS 6/30/2010</u>	<u>JRS 6/30/2010</u>
Retirees and beneficiaries receiving benefits	41,782	30,493	212
Terminated plan members entitled to but not yet receiving benefits	1,602	1,315	2
Active plan members	50,064	51,368	230
Total	<u>93,448</u>	<u>83,176</u>	<u>444</u>

State Employees' Retirement System

Plan Description

SERS is a single-employer defined-benefit pension plan covering substantially all of the State full-time employees who are not eligible for another State sponsored retirement plan. Plan benefits, cost-of-living adjustments, contribution requirements of plan members and the State, and other plan provisions are described in Sections 5-152 to 5-192 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Tier I Plan B regular and Hazardous Duty members are required to contribute 2 percent and 4 percent of their annual salary, respectively, up to the Social Security Taxable Wage Base plus 5 percent above that level; Tier I Plan C members are required to contribute 5 percent of their annual salary; Tier II Plan Hazardous Duty members are required to contribute 4 percent of their annual salary; Tier IIA Plan regular and Hazardous Duty members are required to contribute 2 percent and 5 percent of their annual salary, respectively. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State. During fiscal year 2010, the State reduced the annual required contribution to the plan by \$176.9 million to help reduce the deficit of the State's General fund.

Teachers' Retirement System

Plan Description

TRS is a single-employer defined-benefit pension plan covering any teacher, principal, superintendent, or supervisor engaged in service of public schools in the State. Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 10-183b to 10-183pp of the General Statutes. The plan provides retirement,

disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 6 percent of their annual salary. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

Judicial Retirement System

Plan Description

JRS is a single-employer defined-benefit pension plan covering any appointed judge or compensation commissioner in the State. Plan benefits, cost-of-living allowances, required contributions of plan members and the State, and other plan provisions are described in Sections 51-49 to 51-51 of the General Statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature. Plan members are required to contribute 6 percent of their annual salary. The State is required to contribute at an actuarially determined rate. Administrative costs of the plan are funded by the State.

Annual Pension Cost and Net Pension Obligation

The State's annual pension cost and net pension obligation for each plan for the current year were as follows (amounts in thousands):

	SERS	TRS	JRS
Annual required contribution	\$ 897,428	\$ 559,224	\$ 15,399
Interest on net pension obligation	213,181	(41,428)	4
Adjustment to annual required contribution	(157,856)	35,358	(3)
Annual pension cost	952,753	553,154	15,400
Contributions made	720,527	559,224	-
Increase (decrease) in net pension obligation	232,226	(6,070)	15,400
Net pension obligation (asset) beginning of year	2,508,005	(487,390)	49
Net pension obligation (asset) end of year	\$ 2,740,231	\$ (493,460)	\$ 15,449

Three-year trend information for each plan is as follows (amounts in thousands):

	Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation/(asset)
SERS	2008	\$ 776,227	91.7%	\$ 2,396,999
	2009	\$ 810,776	86.3%	\$ 2,508,005
	2010	\$ 952,753	75.6%	\$ 2,740,231
TRS	2008	\$ 542,508	464.2%	\$ (480,510)
	2009	\$ 532,423	101.3%	\$ (487,390)
	2010	\$ 553,154	101.1%	\$ (493,460)
JRS	2008	\$ 13,435	100%	\$ 48
	2009	\$ 14,174	100%	\$ 49
	2010	\$ 15,400	0%	\$ 15,449

Funded Status and Funding Progress

The following is funded status information for each plan as of June 30, 2010 the most recent actuarial valuation date (amounts in millions):

	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
SERF	9,349.6	21,054.2	11,704.6	44.4%	3,295.7	355.1%
TRF	14,430.2	23,495.9	9,065.7	61.4%	3,646.0	248.6%
JRF	179.7	276.8	97.1	64.9%	31.6	307.3%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

The following is information as of the most recent actuarial valuation:

	SERF	TRF	JRS
Valuation Date	6/30/2010	6/30/2010	6/30/10
Actuarial Cost Method	Projected unit credit	Entry Age	Projected unit credit
Amortization Method	Level percent of payroll, closed	Level percent closed	Level percent of payroll, closed
Remaining Amortization Period	21 Years	25.3 years	21 Years
Asset Valuation Method	5-year smoothed market	4-year smoothed market	5-year smoothed market
Actuarial Assumptions:			
Investment Rate of Return	8.25%	8.5%	8.25%
Projected Salary Increases	4.0%-20.0%	4.0%-7.5%	5.25%
Includes inflation at	4.0%	4.0%	0.00%
Cost-of-Living Adjustments	2.7%-3.6%	2.0%-3.0%	2.75-5.25%

Defined Contribution Plan

The State also sponsors the Connecticut Alternate Retirement Program (CARP), a defined contribution plan. CARP is administered by the State Comptroller's Retirement Office under the direction of the Connecticut State Employees Retirement Division. Plan provisions, including contribution requirements of plan members and the State, are described in Section 5-156 of the General Statutes.

Unclassified employees at any of the units of the Connecticut State System of Higher Education are eligible to participate in the plan. Plan members are required to contribute 5 percent of their annual salaries. The State is required to contribute 8 percent of covered salary. During the year, plan members and the State contributed \$35.5 million and \$24.6 million, respectively.

Note 12 Other Retirement Systems Administered by the State of Connecticut

The State acts solely as the administrator and custodian of the assets of the Connecticut Municipal Employees' Retirement System (CMERS) and the Connecticut Probate Judges and Employees Retirement System (CPJERS). The State makes no contribution to and has only a fiduciary responsibility for these funds. None of the above mentioned systems issue stand-alone financial reports. However,

financial statements for CMERS and CPJERS are presented in Note No. 13.

Plan Descriptions and Contribution Information

Membership of each plan consisted of the following at the date of the latest actuarial valuation:

	CMERS 7/1/2010	CPJERS 12/31/2009
Retirees and beneficiaries		
receiving benefits	5,705	288
Terminated plan members entitled		
to but not receiving benefits	720	22
Active plan members	8,579	412
Total	<u>15,004</u>	<u>722</u>
Number of participating employers	186	1

Connecticut Municipal Employees' Retirement System

Plan Description

CMERS is a cost-sharing multiple-employer defined benefit pension plan that covers fire, police, and other personnel (except teachers) of participating municipalities in the State. Plan benefits, cost-of-living adjustments, contribution requirements of plan members and participating municipalities, and other plan provisions are described in Chapters 7-425 to 7-451 of the General Statutes. The plan provides retirement, disability, and death benefits, and

annual cost-of-living adjustments to plan members and their beneficiaries.

Contributions

Plan members are required to contribute 2.25 percent to 5.0 percent of their annual salary. Participating municipalities are required to contribute at an actuarial determined rate. The participating municipalities fund administrative costs of the plan.

Connecticut Probate Judges and Employees' Retirement System

Plan Description

CPJERS is a single-employer defined benefit pension plan that covers judges and employees of probate courts in the State. Plan benefits, cost-of-living adjustments, required contributions of plan members and the probate court system, and other plan provisions are described in Chapters 45a-34 to 45a-56 of the General statutes. The plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments to plan members and their beneficiaries.

Contributions

Plan members are required to contribute 1.0 percent to 3.75 percent of their annual salary. The probate court system is required to contribute at an actuarial determined rate. Administrative costs of the plan are funded by the probate court system.

Note 13 Pension Trust Funds Financial Statements

The financial statements of the pension trust funds are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. State contributions are recognized in the period in which the contributions are appropriated. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investment income and related expenses of the Combined Investment Funds are allocated ratably to the pension trust funds based on each fund's equity in the Combined Investment Funds.

Statement of Fiduciary Net Assets (000's)

	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
Assets							
Cash and Cash Equivalents	\$ -	\$ 1,095	\$ 1	\$ -	\$ 33	\$ 234	\$ 1,363
Receivables:							
Accounts, Net of Allowances	2,088	8,939	7	7,409	5	-	18,448
From Other Governments	-	2,219	-	-	-	-	2,219
From Other Funds	(8)	(7)	-	1	-	-	(14)
Interest	28	49	1	7	-	-	85
Investments	7,789,607	12,273,555	149,775	1,470,621	71,821	991	21,756,370
Securities Lending Collateral	979,674	1,518,160	27,783	248,333	12,191	172	2,786,313
Total Assets	<u>8,771,389</u>	<u>13,804,010</u>	<u>177,567</u>	<u>1,726,371</u>	<u>84,050</u>	<u>1,397</u>	<u>24,564,784</u>
Liabilities							
Accounts Payable and Accrued Liabilities	15	-	-	-	-	-	15
Securities Lending Obligation	979,674	1,518,160	27,783	248,333	12,191	172	2,786,313
Due to Other Funds	358	1,520	-	131	-	-	2,009
Total Liabilities	<u>980,047</u>	<u>1,519,680</u>	<u>27,783</u>	<u>248,464</u>	<u>12,191</u>	<u>172</u>	<u>2,788,337</u>
Net Assets							
Held in Trust For Employee							
Pension Benefits	7,791,342	12,284,330	149,784	1,477,907	71,859	1,225	21,776,447
Total Net Assets	<u>\$ 7,791,342</u>	<u>\$ 12,284,330</u>	<u>\$ 149,784</u>	<u>\$ 1,477,907</u>	<u>\$ 71,859</u>	<u>\$ 1,225</u>	<u>\$ 21,776,447</u>

Statement of Changes in Fiduciary Net Assets (000's)

	State Employees'	State Teachers'	Judicial	Connecticut Municipal Employees'	Probate Judges'	Other	Total
Additions							
Contributions:							
Plan Members	\$ 65,662	\$ 252,975	\$ 1,570	\$ 15,879	\$ 297	\$ 52	\$ 336,435
State	720,527	559,224	-	-	-	-	1,279,751
Municipalities	-	-	-	38,437	-	-	38,437
Total Contributions	786,189	812,199	1,570	54,316	297	52	1,654,623
Investment Income	986,656	1,538,815	19,350	174,508	8,577	93	2,727,999
Less: Investment Expenses	(31,745)	(48,923)	(623)	(5,614)	(276)	(2)	(87,183)
Net Investment Income	954,911	1,489,892	18,727	168,894	8,301	91	2,640,816
Transfers In	-	-	-	-	2,740	-	2,740
Other	-	201	-	989	149	-	1,339
Total Additions	1,741,100	2,302,292	20,297	224,199	11,487	143	4,299,518
Deductions							
Administrative Expense	417	-	-	-	-	-	417
Benefit Payments and Refunds	1,272,121	1,428,516	18,694	95,514	3,175	2	2,818,022
Other	-	126	-	3	2,751	-	2,880
Total Deductions	1,272,538	1,428,642	18,694	95,517	5,926	2	2,821,319
Changes in Net Assets	468,562	873,650	1,603	128,682	5,561	141	1,478,199
Net Assets Held in Trust For							
Employee Pension Benefits:							
Beginning of Year	7,322,780	11,410,680	148,181	1,349,225	66,298	1,084	20,298,248
End of Year	\$ 7,791,342	\$ 12,284,330	\$ 149,784	\$ 1,477,907	\$ 71,859	\$ 1,225	\$ 21,776,447

Note 14 Other Postemployment Benefits (OPEB)

The State sponsors two defined benefit OPEB plans: the State Employee OPEB Plan (SEOPEBP) and the Retired Teacher Healthcare Plan (RTHP). SEOPEBP is administered by the State Comptroller (Healthcare Policy and Benefit Division), and RTHP is administered by the Teachers' Retirement Board. None of these plans issues stand-alone financial statements. However, financial statements for these plans are presented in Note No. 15.

State Employee OPEB Plan

Plan Description

SEOPEBP is a single-employer defined benefit OPEB plan that covers retired employees of the State who are receiving benefits from any State-sponsored retirement system, except the Teachers' Retirement System and the Municipal Employees' Retirement System. The plan provides healthcare and life insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Sections 5-257 and 5-259 of the General Statutes.

Plan Funding

The contribution requirements of the plan members and the State are established and may be amended by the State legislature, or by agreement between the State and employees unions, upon approval by the State legislature. The cost of providing plan benefits is financed approximately 100 percent by the State on a pay-as-you-go basis through an annual appropriation in the General fund. Administrative costs of the plan are financed by the State.

As of June 30, 2010, the latest actuarial valuation for the plan was dated April 1, 2008. This valuation disclosed that the plan had an unfunded accrued liability of \$26.6 billion as of that date. Because of the date of the actuarial valuation, required disclosures for the plan on funded status, funding progress, and actuarial methods and assumptions could not be made in this note.

Retired Teacher Healthcare Plan

Plan Description

RTHP is a single-employer defined benefit OPEB plan that covers retired teachers and administrators of public schools in the State who are receiving benefits from the Teachers' Retirement System. The plan provides healthcare insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Section 10-183 of the General Statutes. As of June 30, 2010 (date of the latest actuarial valuation), the plan had 33,151 retirees and beneficiaries receiving benefits.

Plan Funding

The contribution requirements of plan members and the State are established and may be amended by the State legislature. The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers pay for one third of plan costs through a contribution of 1.25 percent of their annual salaries, retired teachers pay for one third of plan costs through monthly premiums, and the State pays for one third of plan costs through an annual appropriation in the General Fund. Administrative costs of the plan are financed by the State.

Annual OPEB Cost and Net OPEB Obligation

The State's annual OPEB cost and the net OPEB obligation for each plan for the current fiscal year were as follows (amounts in thousands):

	SEOPEBP	RTHP
Annual Required Contribution	\$ 2,145,724	\$ 121,334
Interest on Net OPEB Obligation	12,719	897
Adjustment to Annual Required Contribution	191,220	(6,910)
Annual OPEB Cost	2,349,663	115,321
Contributions Made	555,131	12,108
Increase in net OPEB Obligation	1,794,532	103,213
Net OPEB Obligation - Beginning of Year	2,356,334	186,624
Net OPEB Obligation - End of Year	\$ 4,150,866	\$ 289,837

In addition, other related information for each plan for the past three fiscal years was as follows:

	<u>Fiscal</u> <u>Year</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net</u> <u>OPEB</u> <u>Obligation</u>
SEOPEBP	2010	\$ 2,349,663	23.6%	\$ 4,150,866
	2009	\$ 1,669,321	27.1%	\$ 2,356,334
	2008	\$ 1,602,739	28.9%	\$ 1,139,042
RTHP	2010	\$ 115,321	10.5%	\$ 289,837
	2009	\$ 113,704	19.7%	\$ 186,624
	2008	\$ 116,123	17.9%	\$ 95,353

Funded Status and Funding Progress

The following is funded status information for the RTHP as of June 30, 2010, date of the latest actuarial valuation (amounts in million):

	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Accrued</u> <u>Liability (AAL)</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage of</u> <u>Covered Payroll</u> <u>((b-a)/c)</u>
RTHP	\$0	\$ 2,997.8	\$ 2,997.8	0.0%	\$ 3,646.0	82.2%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding in progress, presented as required supplementary information following the notes to the financial statements, present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the State and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the State and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Significant methods and assumptions were as follows:

RTHP	
Actuarial Valuation Date	6-30-2010
Actuarial Cost Method	Individual Entry Age
Amortization Method	Level Percent Open
Remaining Amortization Period	29 Years
Asset Valuation Method	n/a
Actuarial Assumptions:	
Investment Rate of Return	4.50%
Projected Salary Increases	4.0%-7.5%
Healthcare Inflation Rate	9% Initial, 5% Ultimate

Other OPEB Plan

The State acts solely as the administrator and custodian of the assets of the Policemen and Firemen Survivors' Benefit Fund (PFSBF). The State makes no contribution to and has only a fiduciary responsibility for this fund. The fund does not issue stand-alone financial statements. However, financial statements for this fund are presented in Note No. 15.

Plan Description

PFSBF is a cost-sharing multiple-employer defined benefit OPEB plan that covers policemen and firemen of participating municipalities in the State. As of 6/30/10 there were 8 municipalities participating in the plan with a total membership of 610 active members. The plan provides survivor benefits upon the death of an active or retired member of the fund to his spouse and dependent children. Plan benefits, contribution requirements of plan members and participant municipalities, and other plan provisions are described in Sections 7-323a to 7-323i of the General Statutes.

Contributions

Plan members are required to contribute one percent of their annual salary. Participating municipalities are required to contribute at an actuarially determined rate. Administrative costs of the plan are financed by participating municipalities.

Note 15 OPEB Trust Fund Financial Statements

The financial statements of the OPEB trust funds are prepared using the accrual basis of accounting. Plan member and municipality contributions are recognized in the period in which they are due. State contributions are recognized in the period they are appropriated. Benefits are recognized when due and payable in accordance with the terms of each plan. Investment income and related investment expense of the Combined Investment Funds are allocated ratably to the PFSBF trust fund based on the fund's equity in the Combined Investment Funds.

Statement of Fiduciary Net Assets (000's)

	<u>State</u> <u>Employees'</u>	<u>Retired</u> <u>Teachers'</u>	<u>Policemen and</u> <u>Firemen</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 44,406	\$ 66,072	\$ 9	\$ 110,487
Receivables:				
From Other Funds	42	1,565	-	1,607
Investments	-	-	19,425	19,425
Securities Lending Collateral	-	-	3,481	3,481
Total Assets	44,448	67,637	22,915	135,000
Liabilities				
Accounts Payable and Accrued Liabilities	8,792	1,123	-	9,915
Securities Lending Obligation	-	-	3,481	3,481
Total Liabilities	8,792	1,123	3,481	13,396
Net Assets				
Held in Trust For Other				
Postemployment Benefits	35,656	66,514	19,434	121,604
Total Net Assets	\$ 35,656	\$ 66,514	\$ 19,434	\$ 121,604

Statement of Changes in Fiduciary Net Assets (000's)

	State Employees'	Retired Teachers'	Policemen and Firemen	Total
Additions				
Contributions:				
Plan Members	\$ -	\$ 71,946	\$ 452	\$ 72,398
State	555,131	12,108	-	567,239
Municipalities	-	-	1	1
Total Contributions	555,131	84,054	453	639,638
Investment Income	177	181	2,140	2,498
Less: Investment Expenses	-	-	(69)	(69)
Net Investment Income	177	181	2,071	2,429
Other	-	-	-	-
Total Additions	555,308	84,235	2,524	642,067
Deductions				
Administrative Expense	-	1,771	-	1,771
Benefit Payments and Refunds	544,313	81,604	908	626,825
Total Deductions	544,313	83,375	908	628,596
Changes in Net Assets	10,995	860	1,616	13,471
Net Assets Held in Trust For Other Postemployment Benefits:				
Beginning of Year (as restated)	24,661	65,654	17,818	108,133
End of Year	\$ 35,656	\$ 66,514	\$ 19,434	\$ 121,604

Note 16 Capital and Operating Leases

State as Lessor

The State leases building space, land, and equipment to private individuals. The minimum future lease revenues for the next five years and thereafter are as follows (amounts in thousands):

2011	\$ 29,987
2012	19,119
2013	19,012
2014	19,142
2015	19,917
Thereafter	106,691
Total	<u>\$ 213,868</u>

Contingent revenues for the year ended June 30, 2010, were \$.3 million.

State as Lessee

Obligations under capital and operating leases as of June 30, 2010, were as follows (amounts in thousands):

	Noncancelable Operating Leases	Capital Leases
2011	\$ 77,403	\$ 7,855
2012	61,546	7,300
2013	47,758	7,168
2014	46,816	4,008
2015	32,522	3,157
2016-2020	69,382	14,537
2021-2025	3,440	6,135
2026-2030	-	6,103
2031-2035	-	1,215
Total minimum lease payments	<u>\$ 338,867</u>	57,478
Less: Amount representing interest costs		15,776
Present value of minimum lease payments		<u>\$ 41,702</u>

Minimum capital lease payments were discounted using an interest rate of approximately 6 percent.

Rental payments on noncancelable operating leases charged to expenses during the year ended June 30, 2010, were \$77.4 million.

Lease/Lease Back Transaction

On September 30, 2003 the State executed a U.S. Lease-to-Service Contract of Rolling Stock Agreement (Agreement) whereby the state entered into a head lease of certain rolling stock consisting of rail coaches and locomotives to statutory trusts established for the benefit of three equity investors. Simultaneously, the State executed sublease agreements to lease back the rolling stock in order to allow the State to have continued use of the property. The terms of the head leases are for periods ranging from 40 years to 67 years, expiring through March 2071, while the subleases have terms ranging from 18 years to 28 years, expiring through January 2032. At the end of the respective sublease terms, the State will have the option to purchase the statutory trusts' interest in the rolling stock for an aggregate fixed price.

Proceeds from the prepayment of the head lease rents were paid to debt payment undertakers and custodians in amounts sufficient, together with investment earning thereon, to provide for all future obligations of the State under the sublease agreements and the end of lease term purchase options. Although it is remote that the State will be required to make any additional payments under the sublease, the State is and shall remain liable for all of its obligations under the subleases. The aggregate remaining commitment under the subleases totaled approximately \$224 million at June 30, 2010.

The State is obligated to insure and maintain the rolling stock. In addition, if an equity investor suffers a loss of tax deductions or incurs additional taxable income as a result of certain circumstances, as defined in the Agreement, then the State must indemnify the equity investor for the additional tax incurred, including interest and penalties thereon. The State has the right to terminate the sublease early under certain circumstances and upon payment of a termination value to the equity investors. If the State chooses early termination, then the termination value would be paid from funds available from the debt payment undertakers and the custodians, and if such amounts are insufficient, then the State would be required to pay the difference.

Note 17 Long-Term Debt

The following is a summary of changes in long-term debt of the primary government for the year ended June 30, 2010, (amounts in thousands):

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010	Amounts due within one year
Governmental Activities					
Bonds:					
General Obligation	\$ 13,443,525	\$ 1,496,445	\$ 1,347,262	\$ 13,592,708	\$ 1,001,780
Transportation	2,817,015	549,775	336,305	3,030,485	271,330
	16,260,540	2,046,220	1,683,567	16,623,193	1,273,110
Plus/(Less) premiums and deferred amounts	420,036	162,227	55,685	526,578	96,017
Total Bonds	<u>16,680,576</u>	<u>2,208,447</u>	<u>1,739,252</u>	<u>17,149,771</u>	<u>1,369,127</u>
Long-Term Notes	<u>228,160</u>	<u>1,268,880</u>	<u>353,085</u>	<u>1,143,955</u>	<u>228,160</u>
Other L/T Liabilities:					
Net Pension Obligation	2,020,664	1,521,306	1,279,750	2,262,220	-
Net OPEB Obligation	2,542,958	2,464,984	567,239	4,440,703	-
Compensated Absences	502,667	28,494	8,397	522,764	18,098
Workers' Compensation	459,778	109,601	108,783	460,596	96,598
Capital Leases	47,129	-	5,427	41,702	2,198
Claims and Judgments	43,690	18,745	2,146	60,289	2,117
Liability on Interest Rate Swaps	-	27,817	-	27,817	-
Contracts Payable & Other	705	-	-	705	-
Total Other Liabilities	<u>5,617,591</u>	<u>4,170,947</u>	<u>1,971,742</u>	<u>7,816,796</u>	<u>119,011</u>
Governmental Activities Long-Term Liabilities	<u>\$ 22,526,327</u>	<u>\$ 7,648,274</u>	<u>\$ 4,064,079</u>	<u>\$ 26,110,522</u>	<u>\$ 1,716,298</u>
In prior years, the General and Transportation funds have been used to liquidate other liabilities.					
Business-Type Activities					
Revenue Bonds	\$ 1,601,797	\$ 47,545	\$ 150,965	\$ 1,498,377	\$ 107,953
Plus/(Less) premiums, discounts and deferred amounts	32,282	8,410	(83)	40,775	163
Total Revenue Bonds	<u>1,634,079</u>	<u>55,955</u>	<u>150,882</u>	<u>1,539,152</u>	<u>108,116</u>
Lottery Prizes	203,967	10,714	33,537	181,144	31,190
Compensated Absences	134,649	34,090	21,299	147,440	41,736
Federal Loans Payable	-	498,453	-	498,453	-
Other	186,268	26,402	18,757	193,913	22,804
Total Other Liabilities	<u>524,884</u>	<u>569,659</u>	<u>73,593</u>	<u>1,020,950</u>	<u>95,730</u>
Business-Type Long-Term Liabilities	<u>\$ 2,158,963</u>	<u>\$ 625,614</u>	<u>\$ 224,475</u>	<u>\$ 2,560,102</u>	<u>\$ 203,846</u>

The liability for claims and judgments (Governmental Activities) includes a pollution remediation liability of approximately \$56.2 million. This liability represents the State's share of the cost of cleaning up certain polluted sites in the state under federal and state superfund regulations. The liability was estimated using the cash flow technique.

As of June 30, 2010, long-term debt of component units consisted of the following (amounts in thousands):

Long-Term Debt	Balance June 30, 2010	Amounts due within year
Bonds Payable	\$ 4,489,729	\$ 123,304
Escrow Deposits	193,105	54,437
Closure of Landfill:	54,481	10,243
Due to State	14,967	-
Deferred Revenue	4,125	461
Other	26,685	434
Total	<u>\$ 4,783,092</u>	<u>\$ 188,879</u>

Note 18 Long-Term Notes and Bonded Debt

a. Bond Anticipation Notes

As of June 30, 2010, \$581.2 million in Bond Anticipation Notes bearing interest rates from 2% to 4% were outstanding. These notes mature on June 11, 2011. Of these notes, \$353.1 million were issued in fiscal year 2010 to refund prior year Bond Anticipation Notes in the same amount. These refunding notes are reported as short-term liabilities of Capital Projects and Special Revenue funds.

The \$228.1 million portion of the notes was issued in the prior fiscal year. Future amounts needed to pay principal and interest on the prior year bond anticipation notes outstanding at June 30, 2010, were as follows (amounts in thousands):

Year Ending	Principal	Interest	Total
June 30,			
2011	\$ 228,160	\$ 8,945	\$ 237,105
Total	<u>\$ 228,160</u>	<u>\$ 8,945</u>	<u>\$ 237,105</u>

b. Economic Recovery Notes

Public Act 09-2 authorized the issuance of \$915.8 million of General Obligation Economic Recovery Notes in December, 2009. The notes funded a major part of the deficit in the State's general fund as reported by the Comptroller to the Governor for the fiscal year ended June 30, 2009. The notes also funded interest due on the notes through June 30, 2011 and pertinent issue costs in accordance with Section 3-115 of the General Statutes.

Economic recovery notes outstanding at June 30, 2010 were \$915.8 million. The notes mature on various dates through 2016 and bear interest rates from 2.0% to 5.0%.

Future amounts needed to pay principal and interest on economic recovery notes outstanding at June 30, 2010, were as follows:

Year Ending June 30,	Principal	Interest	Total
2011	\$ -	\$ 40,568	\$ 40,568
2012	167,860	40,568	208,428
2013	174,570	33,854	208,424
2014	182,705	25,724	208,429
2015	191,280	17,146	208,426
2016	199,380	9,044	208,424
Total	<u>\$ 915,795</u>	<u>\$ 166,904</u>	<u>\$ 1,082,699</u>

c. Primary Government – Governmental Activities

General Obligation Bonds

General Obligation bonds are those bonds that are paid out of the revenues of the General Fund and that are supported by the full faith and credit of the State. General obligation bonds outstanding and bonds authorized but unissued at June 30, 2010, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding	Authorized But Unissued
Capital Improvements	2010-2030	2.00-7.352%	\$ 2,077,503	\$ 259,657
School Construction	2010-2029	1.50-6.777%	4,330,584	17,501
Municipal & Other				
Grants & Loans	2010-2029	2.00-7.000%	904,939	227,438
Elderly Housing	2011-2029	2.299-6.795%	89,550	25,994
Elimination of Water Pollution	2010-2023	3.00-6.753%	247,256	531,383
General Obligation Refunding	2010-2022	2.00-6.00%	3,389,581	-
Pension Obligation	2014-2032	4.20-6.27%	2,276,578	-
Miscellaneous	2010-2038	3.00-6.75%	126,790	535,246
			13,442,781	<u>\$ 1,597,219</u>
Accretion-Various Capital Appreciation Bonds			149,927	
		Total	<u>\$ 13,592,708</u>	

Future amounts needed to pay principal and interest on general obligation bonds outstanding at June 30, 2010, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2011	\$ 1,000,144	\$ 700,250	\$ 1,700,394
2012	943,859	638,877	1,582,736
2013	870,851	577,032	1,447,883
2014	840,518	523,264	1,363,782
2015	818,719	473,223	1,291,942
2016-2020	3,499,297	1,833,025	5,332,322
2021-2025	2,784,078	1,361,458	4,145,536
2026-2030	1,989,330	514,101	2,503,431
2031-2035	689,330	64,008	753,338
2036-2040	6,655	652	7,307
Total	<u>\$ 13,442,781</u>	<u>\$ 6,685,890</u>	<u>\$ 20,128,671</u>

Transportation Related Bonds

Transportation related bonds include special tax obligation bonds and general obligation bonds that are paid out of revenues pledged or earned in the Transportation Fund. The revenue pledged or earned in the Transportation Fund to pay special tax obligation bonds is transferred to the Debt Service Fund for retirement of principal and interest.

Transportation related bonds outstanding and bonds authorized but unissued at June 30, 2010, were as follows (amounts in thousands):

Purpose of Bonds	Final Maturity Dates	Original Interest Rates	Amount Outstanding	Authorized But Unissued
Infrastructure Improvements	2010-2029	2.00-6.500%	\$ 3,030,485	\$ 1,626,232
			3,030,485	<u>\$ 1,626,232</u>
Accretion-Various Capital Appreciation Bonds			-	
		Total	<u>\$ 3,030,485</u>	

Future amounts required to pay principal and interest on transportation related bonds outstanding at June 30, 2010, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2011	\$ 271,330	\$ 140,992	\$ 412,322
2012	256,030	128,292	384,322
2013	288,790	115,615	404,405
2014	242,200	103,446	345,646
2015	206,350	92,851	299,201
2016-2020	824,525	338,679	1,163,204
2021-2025	609,525	160,703	770,228
2026-2030	331,735	39,156	370,891
	<u>\$ 3,030,485</u>	<u>\$ 1,119,734</u>	<u>\$ 4,150,219</u>

Variable-Rate Demand Bonds

As of June 30, 2010, variable-rate demand bonds included in bonded debt were as follows (amounts in thousands).

Bond Type	Outstanding Principal	Issuance Year	Maturity Year
Special Tax Obligation	\$ 22,200	1990	2010
General Obligation	40,000	1997	2014
General Obligation	100,000	2001	2021
General Obligation	280,000	2005	2023
Total	<u>\$ 442,200</u>		

The State entered into various remarketing and standby bond purchase agreements with certain brokerage firms and banks upon the issuance of the bonds.

The bonds were issued bearing a weekly interest rate, which is determined by the State's remarketing agents. The State has the option of changing at any time the weekly interest rate on the bonds to another interest rate, such as a flexible rate or a daily rate. Bonds bearing interest at the weekly rate are subject to purchase at the option of the bondholder at a purchase price equal to principal plus accrued interest, if any, on a minimum seven days' notice of tender to the State's agent. In addition, the bonds are subject to mandatory purchase upon (1) conversion from the weekly interest rate to another interest rate and (2) substitution or expiration of the standby bond purchase agreements. The State's remarketing agent is responsible for using its best efforts to

remarket bonds properly tendered for purchase by bondholders from time to time. The State is required to pay the remarketing agents a quarterly fee of .05 percent per annum of the outstanding principal amount of the bonds.

The standby bond purchase agreements require the banks to purchase any unremarketed bonds bearing the weekly interest rate for a price not to exceed the amount of bond principal and accrued interest, if any. The State is required to pay the banks a quarterly fee ranging from .11 percent to .15 percent per annum of the outstanding principal amount of the bonds plus interest. These fees would be increased if the credit rating for the bond insurers were to be downgraded, suspended, or withdrawn. The standby bond purchase agreements expire as follows:

1990 STO expires in the year 2010,
1997 GO expires in the year 2014,
2001 GO expires in the year 2015, and
2005 GO expires in the year 2015.

These agreements could be terminated at an earlier date if certain termination events described in the agreements were to occur.

d. Primary Government – Business-Type Activities Revenue Bonds

Revenue bonds are those bonds that are paid out of resources pledged in the enterprise funds and component units.

Enterprise funds' revenue bonds outstanding at June 30, 2010, were as follows (amounts in thousands):

Funds	Final Maturity Dates	Original Interest Rates	Amount Outstanding (000's)
Uconn	2011-2033	2.0-6.0%	\$ 168,167
State Universities	2011-2036	2-6.0%	276,471
Clean Water	2011-2028	2-5.5%	767,817
Drinking Water	2011-2027	2-5.5%	54,132
Bradley International Airport	2011-2033	2.5-5.25%	188,785
Bradley Parking Garage	2011-2024	6.125-6.6%	43,005
Total Revenue Bonds			1,498,377
Plus/(Less) premiums, discounts and deferred amounts:			
Uconn			(1,705)
State Universities			1,194
Clean Water			38,981
Bradley International Airport			143
Other			2,162
Revenue Bonds, net			\$ 1,539,152

The University of Connecticut has issued Student fee revenue bonds to finance the costs of buildings, improvements and renovations to certain revenue-generating capital projects. Revenues used for payments on the bonds are derived from various fees charged to students.

The Connecticut State University System has issued revenue bonds that finance the costs of auxiliary enterprise buildings, improvements and renovations to certain student housing related facilities. Revenues used for payments on the bonds are derived from various fees charged to students.

Bradley Airport has issued various revenue bonds to finance costs of improvements to the airport. As of June 30, 2010, the following bonds were outstanding:

- a) 2004 Airport Revenue Refunding Bonds in the amount of \$5.5 million. These bonds were issued in July, 2004,

to redeem the 1992 Airport Revenue Refunding Bonds, and are secured by and payable solely from the gross operating revenues generated by the State from the operations of the airport and other receipts, funds or monies pledged in the bond indenture.

- b) 2001 Bradley International Airport Revenue Bonds in the amount of \$166.3 million and 2001 Bradley International Airport Refunding Bonds in the amount of \$17.0 million. Both bond series are secured by and payable solely from the gross operating revenues generated by the state from the operation of the airport and other receipts, funds or monies pledged in the bond indenture.

In 1994, the State of Connecticut began issuing Clean Water Fund revenue bonds. The proceeds of these bonds are to be used to provide funds to make loans to Connecticut municipalities for use in connection with the financing or refinancing of wastewater treatment projects. Details on these agreements are disclosed under the separately issued audited financial statements of the fund.

In 2000, Bradley Parking Garage bonds were issued in the amount of \$53.8 million to build a parking garage at the airport.

Future amounts needed to pay principal and interest on revenue bonds outstanding at June 30, 2010, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2011	\$ 107,952	\$ 67,427	\$ 175,379
2012	108,387	63,498	171,885
2013	111,033	58,436	169,469
2014	97,652	53,702	151,354
2015	138,107	82,380	220,487
2016-2020	399,602	172,615	572,217
2021-2025	326,570	88,004	414,574
2026-2030	174,099	23,388	197,487
2031-2035	33,910	2,681	36,591
2036-2040	1,065	21	1,086
Total	\$ 1,498,377	\$ 612,152	\$ 2,110,529

e. Component Units

Component units' revenue bonds outstanding at June 30, 2010, were as follows (amounts in thousands):

Component Unit	Final Maturity Date	Interest Rates	Amount Outstanding (000's)
CT Development Authority	2011-2020	4.10-5.250%	\$ 19,225
CT Housing Finance Authority	2011-2049	0.30-7.125%	4,189,023
CT Resources Recovery Authority	2011-2016	5.125-5.50%	16,200
CT Higher Education Supplemental Loan Authority	2011-2028	1.70-6.00%	157,035
Capital City Economic Development Authority	2011-2033	2.50-7.00%	102,681
UConn Foundation	2011-2029	3.875-5.00%	6,735
Total Revenue Bonds			4,490,899
Plus/(Less) premiums, discounts, and deferred amounts:			
CDA			10
CRRA			(256)
CCEDA			(327)
CHESLA			(597)
Revenue Bonds, net			\$ 4,489,729

Revenue bonds issued by the component units do not constitute a liability or debt of the State. The State is only contingently liable for those bonds as discussed below.

Connecticut Development Authority's revenue bonds are issued to finance such projects as the acquisition of land or the construction of buildings, and the purchase and installation of machinery, equipment, and pollution control facilities. The Authority finances these projects through its Self-Sustaining Bond Program and Umbrella Program. As of June 30, 2010 no bonds were outstanding under the Umbrella Program. Bonds issued under the Self-Sustaining Bond Program are discussed in the no-commitment debt section of this note. In addition, the Authority had \$19.2 million in general obligation bonds outstanding at year-end. These bonds were issued to finance the lease of an entertainment/sports facility and the purchase of a hockey team.

Connecticut Housing Finance Authority's revenue bonds are issued to finance the purchase, development and construction of housing for low and moderate-income families and persons throughout the State. The Authority has issued bonds under a bond resolution dated 9/27/72 and an indenture dated 9/25/95. As of December 31, 2009, bonds outstanding under the bond resolution and the indenture were \$4,133.6 million and \$55.5 million, respectively. According to the bond resolution, the following assets of the Authority are pledged for the payment of the bond principal and interest (1) the proceeds from the sale of bonds, (2) all mortgage repayments with respect to long-term mortgage and construction loans financed from the Authority's general fund, and (3) all monies and securities of the Authority's general and capital reserve funds. The capital reserve fund is required to be maintained at an amount at least equal to the amount of principal, sinking fund installments, and interest maturing and becoming due in the next succeeding calendar year (\$287.6 million at 12/31/09) on all outstanding bonds. As of December 31, 2009, the Authority has entered into interest rate swap agreements for \$994.3 million of its variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the Authority.

Connecticut Resources Recovery Authority's revenue bonds are issued to finance the design, development and construction of resources recovery and recycling facilities and landfills throughout the State. These bonds are paid solely from the revenues generated from the operations of the projects and other receipts, accounts and monies pledged in the bond indentures.

Connecticut Higher Education Supplemental Loan Authority's revenue bonds are issued to provide loans to students, their parents, and institutions of higher education to assist in the financing of the cost of higher education. These loans are issued through the Authority's Bond fund. According to the bond resolutions, the Authority internally accounts for each bond issue in separate funds, and additionally, the Bond fund includes individual funds and accounts as defined by each bond resolution.

Each Authority has established special capital reserve funds that secure all the outstanding bonds of the Authority at year-end, except as discussed next. These funds are usually maintained at an amount equal to next year's bond debt service requirements. The State may be contingently liable to restore any deficiencies that may exist in the funds in any one year in the event that the Authority is unable to do so. For the Connecticut Resources Recovery Authority, the amount of bonds outstanding at year-end that were secured by the special capital reserve funds was \$16.2 million.

The Capital City Economic Development Authority revenue bonds are issued to provide sufficient funds for carrying out its purposes. The bonds are not debt of the State of Connecticut. However, the Authority and the State have entered into a contract for financial assistance, pursuant to which the State will be obligated to pay principal and interest on the bonds in an amount not to exceed \$9.0 million in any calendar year. The bonds are secured by energy fees from the central utility plant and by parking fees subject to the Travelers Indemnity Company parking agreement.

Future amounts needed to pay principal and interest on revenue bonds outstanding at June 30, 2010, were as follows (amounts in thousands):

Year Ending June 30,	Principal	Interest	Total
2011	\$ 138,372	\$ 147,588	\$ 285,960
2012	132,399	141,943	274,342
2013	140,985	136,539	277,524
2014	122,592	148,871	271,463
2015	140,920	130,321	271,241
2016-2020	733,171	564,947	1,298,118
2021-2025	779,893	420,174	1,200,067
2026-2030	793,556	273,677	1,067,233
2031-2035	759,761	143,980	903,741
2036-2040	516,880	33,959	550,839
2041-2045	203,975	2,033	206,008
2046-2050	28,395	194	28,589
Total	\$ 4,490,899	\$ 2,144,226	\$ 6,635,125

No-commitment debt

Under the Self-Sustaining Bond program, the Connecticut Development Authority issues revenue bonds to finance such projects as described previously in the component unit section of this note. These bonds are paid solely from payments received from participating companies (or from proceeds of the sale of the specific projects in the event of default) and do not constitute a debt or liability of the Authority or the State. Thus, the balances are not included in the Authority's financial statements. Total bonds outstanding for the year ended June 30, 2010 were \$1,088.6 million.

The Connecticut Resources Recovery Authority has issued several bonds to fund the construction of waste processing facilities by independent contractors/operators. These bonds are payable from a pledge of revenues derived primarily under lease or loan arrangements between the Authority and the operators. Letters of credit secure some of these bonds. The Authority does not become involved in the construction activities or the repayment of the debt (other than the portion allocable to Authority purposes). In the event of a default, neither the authority nor the State guarantees payment of the debt, except for the State contingent liability discussed

below. Thus, the assets and liabilities that relate to these bond issues are not included in the Authority's financial statements. The amount of these bonds outstanding at June 30, 2010 were \$78.9 million. Of this amount, \$35.4 million was partially secured by a special capital reserve fund.

The Connecticut Health and Educational Facilities Authority has issued special obligation bonds for which the principal and interest are payable solely from the revenues of the institutions. Starting in 1999, the Authority elected to remove these bonds and related restricted assets from its financial statements, except for restricted assets for which the Authority has a fiduciary responsibility. Total special obligation bonds outstanding at June 30, 2010, were \$7,393.4 million, of which \$281.1 million was secured by special capital reserve funds.

The State may be contingently liable for those bonds that are secured by special capital reserve funds as discussed previously in this section.

e. Debt Refundings

During the year, the State issued \$344.1 million of general obligation and special tax obligation refunding bonds with an average interest rate of 3.89 percent to redeem \$40.9 million and to advance refund \$311.4 million of general obligation and special tax obligation bonds with an average interest rate of 4.96 percent. The reacquisition price exceeded the carrying amount of the old debt by \$27.2 million. This amount is being netted against the new debt

and amortized over the life of the new or old debt, whichever is shorter.

The State advanced refunded these bonds to reduce its total debt service payments over the next eleven years by \$12.1 million and to obtain an economic gain (difference between the present values of the debt service payments of the old and new bonds) of \$12.6 million. As of June 30, 2010, \$2,031.4 million of outstanding general obligation, special tax obligation, and revenue bonds had been advanced refunded and are, accordingly, considered defeased.

Note 19 - Derivative Financial Instruments

The fair value balances and notional amounts of the State's derivative instruments outstanding at June 30, 2010, classified by type, and the changes in fair value of such derivative instruments for the year then ended are as follows (amounts in thousands; debit(credit)):

Changes in Fair Value			Fair Value at Year End		Notional
	Classification	Amount	Classification	Amount	
Governmental activities					
Cash flow hedges:			Non-current		
Pay-fixed interest rate swap	Other Non-current Assets	(6,804)	portion of LT Obligations	(27,817)	355,620
Business-type activities					
Cash flow hedges:			Non-current		
<u>Bradley Airport:</u>					
Pay-fixed interest rate swap	Other Non-current Assets	(8,542)	portion of LT Obligations	(16,747)	152,380

Objective and Terms of Hedging Derivative Instruments

The following table displays the objective and the terms of the States' hedging derivative instruments outstanding at June 30, 2010, along with the credit rating of the associated counterparty (amounts in thousands).

Type	Objective	Notional Amounts (000's)	Effective Date	Maturity Date	Terms	Counterparty Credit Rating
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2001 GO bonds	\$ 20,000	6/28/2001	6/15/2012	Pay 4.33% receive CPI plus 1.43%	A/A/A
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	140,000	3/24/2005	3/1/2023	Pay 3.392% receive 60% of LIBOR+30bp	Aa/AAA/nr
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	140,000	3/24/2005	3/1/2023	Pay 3.401% receive 60% of LIBOR+30bp	Aa/A/nr
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	15,620	4/27/2005	6/1/2016	Pay 3.99% receive CPI plus .65%	A/A/A
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	20,000	4/27/2005	6/1/2017	Pay 5.07% receive CPI plus 1.73%	A/A/A
Pay-fixed interest rate swap	Hedge of changes in cash flows of the 2005 GO bonds	20,000	4/27/2005	6/1/2020	Pay 5.2% receive CPI plus 1.79%	Aa/AA/AA
Total Notional Amount		\$ 355,620				

The fair values of interest rate swaps were estimated using the zero-coupon method. This method calculates the future net settlement payment required under the swaps, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date each future net settlement on the swaps.

Credit Risk

As of June 30, 2010, the State had no credit risk exposure on any of the swaps because the swaps had negative fair value. However, should interest rates change and the fair values of the swaps become positive, the State would be exposed to credit risk in the amount of the swaps' fair value.

Interest Rate Risk

The State is exposed to interest rate risk on its interest rate swaps. As the LIBOR or CPI swap index rate decreases, the State's net payment on the swap increases.

Basis Risk

The State's variable-rate bond interest payments are based on the Securities Industry and Financial Markets Association Municipal Swap (SIFMA) index rate, or the CPI floating rate. The State is exposed to basis risk on those swaps for which the State receives variable-rate payments that are based on the LIBOR swap index rate. As of June 30, 2010, the SIFMA rate was 0.25 percent, whereas 60 percent of LIBOR plus 30bp was 0.509 percent. The State recognizes this basis risk by including an amount for basis risk in its debt service budget. For fiscal year 2010, the budgeted amount for basis risk was \$1,500,000.

Termination Risk

The State or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. If any swap is terminated, the associated variable-rate bonds would no longer carry synthetic interest rates. Also, if at the time of termination the swap has a negative fair value, the State would be liable to the counterparty for a payment equal to the swap's fair value. Under the 2005 swap agreements, the State has up to 270 days to fund any required termination payment.

Rollover Risk

Because all of the swap agreements terminate when the associated debt is fully paid, the State is only exposed to rollover risk if an early termination occurs. Upon an early termination, the State will not realize the synthetic rate offered by the swaps on the underlying debt issues.

Hedging Derivative Instrument Payments and Hedged Debt

As rates vary, variable-rate bond interest payments and net swap payments will vary. Using rates as of June 30, 2010, debt service requirements of the State's outstanding variable-rate bonds and net swap payments are as follows (amounts in thousands).

Fiscal Year Ending June 30,	Variable-Rate Bonds		Interest Rate SWAP, Net	Total
	Principal	Interest		
2011	\$ -	\$ 1,777	\$ 10,833	\$ 12,610
2012	20,000	1,778	10,832	32,610
2013	-	1,170	10,575	11,745
2014	-	1,170	10,575	11,745
2015	-	1,751	16,804	18,555
2016-2020	260,620	3,492	28,918	293,030
2021-2023	75,000	337	2,780	78,117
Total	\$ 355,620	\$ 11,475	\$ 91,317	\$ 458,412

As of June 30, 2010, Bradley airport has entered into interest rate swap agreements for \$152.4 million of its variable rate bonds. Details on these agreements are disclosed under the separately issued audited financial statements of the fund.

Note 20 Risk Management

The risk financing and insurance program of the State is managed by the State Insurance and Risk Management Board. The Board is responsible mainly for determining the

method by which the State shall insure itself against losses by the purchase of insurance to obtain the broadest coverage at the most reasonable cost, determining whether deductible provisions should be included in the insurance contract, and whenever appropriate determining whether the State shall act as self-insurer. The schedule lists the risks of loss to which the State is exposed and the ways in which the State finances those risks.

Risk of Loss	Risk Financed by	
	Purchase of Commercial Insurance	Self- Insurance
Liability (Torts):		
-General (State buildings, parks, or grounds)		X
-Other	X	
Theft of, damage to, or destruction of assets	X	
Business interruptions	X	
Errors or omissions:		
-Professional liability	X	
-Medical malpractice (John Dempsey Hospital)		X
Injuries to employees		X
Natural disasters	X	

For the general liability risk, the State is self-insured because it has sovereign immunity. This means that the State cannot be sued for liability without its permission. For other liability risks, the State purchases commercial insurance only if the State can be held liable under a particular statute (e.g. per Statute the State can be held liable for injuries suffered by a person on a defective State highway), or if it is required by a contract.

For the risk of theft, of damage to, or destruction of assets (particularly in the automobile fleet), the State insures only leased cars and vehicles valued at more than \$100 thousand. When purchasing commercial insurance the State may retain some of the risk by assuming a deductible or self-insured retention amount in the insurance policy. This amount varies greatly because the State carries a large number of insurance policies covering various risks. The highest deductible or self-insured retention amount assumed by the State is \$25 million, which is carried in a railroad liability policy.

The State records its risk management activities related to the medical malpractice risk in the University of Connecticut and Health Center fund, an Enterprise fund. At year-end, liabilities for unpaid claims are recorded in the statement of net assets (government-wide and proprietary fund statements) when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The liabilities are determined based on the ultimate cost of settling the claims, including an amount for claims that have been incurred but not reported and claim adjustment expenses. The liabilities are actuarially determined and the unpaid liability for medical malpractice is reported at its present value, using a discount rate of 5 percent. In the General Fund, the liability for unpaid claims is only recorded if the liability is due for payment at year-end.

Settlements have not exceeded coverages for each of the past three fiscal years. Changes in the claims liabilities during the last two fiscal years were as follows (amounts in thousands):

	Governmental Activities Workers' Compensation	Business-Type Activities Medical Malpractice
Balance 6-30-08	\$ 412,619	\$ 21,290
Incurred claims	143,104	8,790
Paid claims	(95,945)	(4,856)
Balance 6-30-09	459,778	25,224
Incurred claims	109,601	3,800
Paid claims	(108,783)	(10,709)
Balance 6-30-10	\$ 460,596	\$ 18,315

Note 21 Interfund Receivables and Payables

Interfund receivable and payable balances at June 30, 2010, were as follows (amounts in thousands):

	Balance due to fund(s)											
	General	Transportation	Restricted Grants & Accounts	Other Governmental	UConn	State Universities	Other Proprietary	Employment Security	Internal Services	Fiduciary	Component Units	Total
Balance due from fund(s)												
General	\$ -	\$ -	\$ 509,123	\$ 612,478	\$ 54,327	\$ 21,579	\$ 19,165	\$ 1,533	\$ 357	\$ 5,741	\$ -	\$ 1,224,303
Debt Service	-	1,288	-	-	-	-	-	-	-	-	-	1,288
Restricted Grants & Accounts	3,245	-	-	-	-	-	-	-	-	-	355	3,600
Other Governmental	2,673	-	4,316	8,262	510	13,724	204,276	-	-	-	12,664	246,425
UConn	15,625	-	-	-	-	-	-	-	-	-	-	15,625
State Universities	3,218	-	-	-	-	-	-	-	-	-	-	3,218
Employment Security	-	-	-	26,791	-	-	-	-	-	-	-	26,791
Other Proprietary	-	-	1,296	370	-	-	-	-	-	-	-	1,666
Internal Services	-	-	-	66,931	-	-	-	-	-	-	-	66,931
Fiduciary	-	-	-	19,898	-	-	-	-	-	1,522	-	21,420
Component Units	14,967	-	-	-	-	-	-	-	-	-	-	14,967
Total	\$ 39,728	\$ 1,288	\$ 514,735	\$ 734,730	\$ 54,837	\$ 35,303	\$ 223,441	\$ 1,533	\$ 357	\$ 7,263	\$ 13,019	\$ 1,626,234

Interfund receivables and payables arose because of interfund loans and other interfund balances outstanding at year end.

Note 22 Interfund Transfers

Interfund transfers for the fiscal year ended June 30, 2010, consisted of the following (amounts in thousands):

	Amount transferred to fund(s)											
	General	Debt Service	Transportation	Restricted Grants & Accounts	Other Governmental	UConn	State Universities	Other Proprietary	Internal Services	Fiduciary	Total	
Amount transferred from fund(s)												
General	\$ -	\$ -	\$ -	\$ -	\$ 72,512	\$ 543,946	\$ 242,054	\$ 272,333	\$ 715	\$ -	\$ 1,131,560	
Debt Service	-	-	5,741	451	-	-	-	-	-	-	6,192	
Transportation	-	439,642	-	5,300	6,458	-	-	-	-	-	451,400	
Restricted Grants & Accounts	-	-	-	-	-	-	-	1,559	-	-	1,559	
Other Governmental	114,005	-	60	116,112	8,288	106,028	12,753	172,194	-	2,740	532,180	
Internal Service	-	-	-	100	-	-	-	-	-	-	100	
Connecticut Lottery	285,500	-	-	-	-	-	-	-	-	-	285,500	
Employment Security	-	-	-	-	3,505	-	-	23	-	-	3,528	
Other Proprietary	-	-	-	-	-	-	-	9,849	-	-	9,849	
Total	\$ 399,505	\$ 439,642	\$ 5,801	\$ 121,963	\$ 90,763	\$ 649,974	\$ 254,807	\$ 455,958	\$ 715	\$ 2,740	\$ 2,421,868	

Transfers were made to (1) move revenues from the fund that budget or statute requires to collect them to the fund that budget or statute requires to expend them and (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due.

Note 23 Restatement of Net Assets, Restricted Assets, and Special Items

As of June 30, 2010, the beginning net assets for the following activities was restated as follows (amounts in thousands):

	Balance 6-30-09 Previously Reported	Reclassification	Balance 6-30-09 as Restated
Governmental Activities			
Governmental Activities:			
Capital Assets	\$ 11,075,553	\$ (881,193)	\$ 10,194,360
Net Assets of Governmental Activities	\$ (9,569,189)	\$ (881,193)	\$ (10,450,382)

The beginning net asset balance of governmental activities was adjusted to correct a net overstatement in the balance of capital assets (mainly land) reported last year.

As of June 30, 2010, the government-wide statement of net assets reported \$3,041 of restricted net assets, of which \$478 million was restricted by enabling legislation.

Special Items

Special items are significant transactions within the control of management that are either unusual in nature or infrequent in occurrence. During the fiscal year, the state legislature mandated the transfer of funds from certain governmental and enterprise funds to the General and Transportation funds to help reduce budget deficits of these funds. In the Statement of Activities, only the transfers from enterprise funds to the General fund are reported.

Note 24 Related Organizations

The Community Economic Development Fund and the Connecticut Student Loan Foundation are legally separate organizations that are related to the State because the State appoints a voting majority of the organizations' governing board. However, the State's accountability for these organizations does not extend beyond making the appointments.

Note 25 New Accounting Pronouncements

In fiscal year 2010, the State implemented the following Statements issued by the Governmental Accounting Standards Board: Statement No. 51, "Accounting and Financial Reporting for Intangible Assets"; and Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments".

Statement No. 51 establishes standards of accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have initial useful life extending beyond a single reporting period.

Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments, which are complex financial arrangements used by governments to manage specific risks or to make investments. For example, interest rate swaps, options, forward contracts, etc..

Note 26 Commitments and Contingencies**A. Commitments****Primary Government**

Commitments are defined as "existing arrangements to enter into future transactions or events, such as long-term contractual obligations with suppliers for future purchases at specified prices and sometimes at specified quantities." As of June 30, 2010, the Departments of Transportation and Public Works had contractual commitments of approximately \$2,873 million for infrastructure and other construction projects. Additionally, other commitments were approximately as follows:

School construction and alteration grant program \$2,908 million.

Clean and drinking water loan programs \$425 million.

Various programs and services \$1,998 million.

All commitments are expected to be funded by federal grants, bond proceeds, and other resources.

Component Units

As of December 31, 2009, the Connecticut Housing Finance Authority had mortgage loan commitments of approximately \$187 million.

B. Contingent Liabilities

The State entered into a contractual agreement with H.N.S. Management Company, Inc. and ATE Management and Service Company, Inc. to manage and operate the bus transportation system for the State. The State shall pay all expenses of the system including all past, present and future pension plan liabilities of the personnel employed by the system and any other fees as agreed upon. When the agreement is terminated the State shall assume or make arrangements for the assumption of all the existing obligations of the management companies including but not limited to all past, present and future pension plan liabilities and obligations.

In 2002 the City of Waterbury issued \$97.5 million of General Obligation Special Capital Reserve Fund Bonds. These bonds are secured by a Special Capital Reserve Fund for which the State may be contingently liable as explained previously in Note 18 – Component Units.

Grant amounts received or receivable by the State from federal agencies are subject to audit and adjustment by these agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the federal government cannot be determined at this time, although the State expects such amounts, if any, to be immaterial.

C. Litigation

The State, its units and employees are parties to numerous legal proceedings, many of which normally occur in government operations. Most of these legal proceedings are not, in the opinion of the Attorney General, likely to have a material adverse impact on the State's financial position.

There are, however, several legal proceedings which, if decided adversely against the State, may require the State to make material future expenditures for expanded services or capital facilities or may impair future revenue sources. It is neither possible to determine the outcome of these proceedings nor to estimate the possible effects adverse decisions may have on the future expenditures or revenue sources of the State.

obligated to pay the debt service requirements from the General fund.

Public Act 10-179 authorizes the State to issue "Economic Recovery Revenue Bonds" backed by the competitive transition adjustment and conservation charges currently imposed on electric bills. General Fund revenue for Fiscal Year 2011 anticipates \$646.6 million in receipts from the sale of such bonds. At the time of this report (January 28, 2011), the issuance of these bonds has been delayed by a lawsuit seeking to enjoin and declare invalid the financing order of the Department of Public Utility Control which imposed assessments on Connecticut Light and Power and United Illuminating utility bills that is intended to cover the cost of issuance and debt service for these bonds.

Note 27 Subsequent Events

In November 2010, the State issued \$440.4 million of Special Tax Obligation Transportation Infrastructure "Taxable Build America bonds. The bonds will mature in years 2020 through 2030 and bear interest rates ranging from 4.126 percent to 5.459 percent.

In November 2010, the State issued \$199.6 million of Special Tax Obligation Transportation Infrastructure bonds. The bonds will mature in years 2011 through 2019 and bear interest ranging from 2.0 percent to 5.0 percent.

In November 2010, the State issued \$137.7 million of Special Tax Obligation "Build America" bonds. The bonds will mature in 2030 and bear an interest rate of 5.09 percent.

In October 2010, the State issued \$203.4 million of Taxable General Obligation "Qualified School Construction" bonds. The bonds will mature in 2029 and bear an interest rate of 5.305 percent.

In October 2010, the State issued \$22.2 million of Taxable General Obligation "Recovery Zone Economic Development" bonds. The bonds will mature in 2030 and bear an interest rate of 5.305 percent.

In October 2010, the State issued \$47.0 million of General Obligation refunding bonds. The bonds will mature in years 2011 through 2022 and bear interest rates ranging from 2.0 percent to 5.0 percent.

In October 2010, the State issued \$294.4 million of Taxable General Obligation "Build America" bonds. The bonds mature in 2030 and bear an interest rate of 5.09 percent.

In October 2010, the State issued \$78.9 million of Special Obligation Bonds revenue bonds. The bonds are limited obligations of the Connecticut Housing Finance Authority, a component unit. However, the State is contractually

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***Required
PERS
Supplementary
Information***

Pension and Other Postemployment Benefit Plans

Required Supplementary Information

Schedules of Funding Progress

(Expressed in Millions)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
<u>SERS</u>						
6/30/2005	\$8,517.7	\$15,987.5	\$7,469.8	53.3%	\$2,980.1	250.7%
6/30/2006	\$8,951.4	\$16,830.3	\$7,878.9	53.2%	\$3,107.9	253.5%
6/30/2007	\$9,585.1	\$17,888.1	\$8,303.0	53.6%	\$3,310.4	250.8%
6/30/2008	\$9,990.2	\$19,243.4	\$9,253.2	51.9%	\$3,497.4	264.6%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$9,349.6	\$21,054.2	\$11,704.6	44.4%	\$3,295.7	355.1%

*No actuarial valuation was performed.

<u>TRS</u>						
6/30/2005 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2006	\$10,190.3	\$17,112.8	\$6,922.5	59.5%	\$3,137.7	220.6%
6/30/2007 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2008	\$15,271.0	\$21,801.0	\$6,530.0	70.0%	\$3,399.3	192.1%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$14,430.2	\$23,495.9	\$9,065.7	61.4%	\$3,646.0	248.6%

*No actuarial valuation was performed.

<u>JRS</u>						
6/30/2005	\$160.3	\$235.0	\$74.7	68.2%	\$30.2	247.8%
6/30/2006	\$169.7	\$246.9	\$77.2	68.7%	\$31.8	242.8%
6/30/2007	\$182.4	\$261.2	\$78.8	69.8%	\$33.8	233.1%
6/30/2008	\$191.7	\$267.0	\$75.3	71.8%	\$34.0	221.5%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$179.7	\$276.8	\$97.1	64.9%	\$31.6	307.3%

*No actuarial valuation was performed.

<u>RTHP</u>						
6/30/2008	\$-	\$2,318.8	\$2,318.8	0.0%	\$3,399.3	68.2%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$-	\$2,997.8	\$2,997.8	0.0%	\$3,646.0	82.2%

*No actuarial valuation was performed.

Actuarial valuations for other postemployment benefit plans are required to be disclosed starting with fiscal year 2008.

Pension and Other Postemployment Benefit Plans

Required Supplementary Information

Schedules of Employer Contributions

(Expressed in Millions)

Fiscal Year	<u>SERS</u>		<u>TRS</u>		<u>JRS</u>		<u>RTHP</u>	
	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2005	\$518.8	100.0%	\$281.4	65.8%	\$12.2	100.0%	\$0.0	0.0%
2006	\$623.1	100.0%	\$396.2	100.0%	\$11.7	100.0%	\$0.0	0.0%
2007	\$663.9	100.0%	\$416.0	99.0%	\$12.4	100.0%	\$0.0	0.0%
2008	\$716.9	99.2%	\$518.6	485.7%	\$13.4	100.0%	\$116.1	21.5%
2009	\$753.7	92.8%	\$539.3	100.0%	\$14.2	100.0%	\$116.7	25.3%
2010	\$897.4	80.3%	\$559.2	100.0%	\$15.4	0.0%	\$121.3	10.0%

Schedules of employer contributions for other postemployment benefit plans (RTPH) are required to be disclosed starting with fiscal year 2008.

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***Combining
Funds Statements
and Schedules
Nonmajor Funds***

Balance Sheet

Nonmajor Governmental Funds-By Fund Type

June 30, 2010

(Expressed in Thousands)

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
Assets				
Cash and Cash Equivalents	\$ 502,470	\$ -	\$ 6,440	\$ 508,910
Investments	7,890	-	93,193	101,083
Securities Lending Collateral	-	-	22,038	22,038
Receivables:				
Accounts, Net of Allowances	16,688	-	-	16,688
Loans, Net of Allowances	253,757	-	-	253,757
From Other Governments	12,656	-	-	12,656
From Other Funds	182,804	551,922	4	734,730
Restricted Assets	3,449	-	-	3,449
Other Assets	346	-	-	346
Total Assets	<u>\$ 980,060</u>	<u>\$ 551,922</u>	<u>\$ 121,675</u>	<u>\$ 1,653,657</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 30,051	\$ 44,089	\$ -	\$ 74,140
Notes Payable	298,115	54,970	-	353,085
Due to Other Funds	5,681	223,826	4,254	233,761
Due to Component Units	12,664	-	-	12,664
Deferred Revenue	27,152	-	-	27,152
Securities Lending Obligation	-	-	22,038	22,038
Total Liabilities	<u>373,663</u>	<u>322,885</u>	<u>26,292</u>	<u>722,840</u>
Fund Balances				
Reserved For:				
Loans	253,757	-	-	253,757
Continuing Appropriations	115	-	-	115
Permanent Investments	-	-	93,193	93,193
Trust Activities	-	-	2,190	2,190
Unreserved	<u>352,525</u>	<u>229,037</u>	<u>-</u>	<u>581,562</u>
Total Fund Balances	<u>606,397</u>	<u>229,037</u>	<u>95,383</u>	<u>930,817</u>
Total Liabilities and Fund Balances	<u>\$ 980,060</u>	<u>\$ 551,922</u>	<u>\$ 121,675</u>	<u>\$ 1,653,657</u>

Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds - By Fund Type

For The Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	Special Revenue <u>Funds</u>	Capital Projects <u>Funds</u>	Permanent <u>Funds</u>	<u>Total</u>
Revenues				
Taxes	\$ 659	\$ -	\$ -	\$ 659
Assessments	27,268	-	-	27,268
Licenses, Permits and Fees	47,746	-	-	47,746
Tobacco Settlement	128,977	-	-	128,977
Federal Grants and Aid	96,451	-	-	96,451
Charges for Services	4,170	-	-	4,170
Fines, Forfeits and Rents	4,382	-	-	4,382
Investment Earnings	3,920	-	11,504	15,424
Interest on Loans	283	-	-	283
Miscellaneous	110,717	19	-	110,736
Total Revenues	<u>424,573</u>	<u>19</u>	<u>11,504</u>	<u>436,096</u>
Expenditures				
Current:				
General Government	102,926	-	-	102,926
Regulation and Protection	198,159	-	-	198,159
Conservation and Development	190,451	-	852	191,303
Health and Hospitals	11,694	-	-	11,694
Transportation	14,839	-	-	14,839
Human Services	9,112	-	-	9,112
Education, Libraries, and Museums	545,574	-	22	545,596
Corrections	3,726	-	-	3,726
Judicial	19,378	-	9	19,387
Capital Projects	-	435,288	-	435,288
Debt Service:				
Interest and Fiscal Charges	5,039	4,454	-	9,493
Total Expenditures	<u>1,100,898</u>	<u>439,742</u>	<u>883</u>	<u>1,541,523</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(676,325)</u>	<u>(439,723)</u>	<u>10,621</u>	<u>(1,105,427)</u>
Other Financing Sources (Uses)				
Bonds Issued	899,150	802,965	-	1,702,115
Premium on Bonds Issued	44,005	27,916	-	71,921
Transfers In	90,763	-	-	90,763
Transfers Out	(185,500)	(343,260)	(3,420)	(532,180)
Special Item: Transfer to General Fund	(50,777)	-	-	(50,777)
Total Other Financing Sources (Uses)	<u>797,641</u>	<u>487,621</u>	<u>(3,420)</u>	<u>1,281,842</u>
Net Change in Fund Balances	121,316	47,898	7,201	176,415
Fund Balances - Beginning	485,081	181,139	88,182	754,402
Fund Balances - Ending	<u>\$ 606,397</u>	<u>\$ 229,037</u>	<u>\$ 95,383</u>	<u>\$ 930,817</u>

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Special Revenue Funds

Workers' Compensation Administration:

to account for assessments collected for the purpose of covering the administrative costs of the Workers' Compensation Commission.

Banking:

to account for monies collected from various banking institutions throughout the state.

Consumer Counsel and Public Utility Control:

to account for monies collected from various public utility companies.

Insurance:

to account for monies collected from authorized insurers within the state.

Criminal Injuries Compensation:

to account for monies collected from the criminal injuries board.

Regional Market Fund:

to account for rents and other monies collected for the purpose of providing for the payment of expenses relating to the operation and maintenance of the regional market.

Mashantucket Pequot and Mohegan Fund:

to account for casino gambling monies collected from the Mashantucket Pequot Tribe and the Mohegan Tribe to be used for the purpose of distribution to towns.

Soldiers, Sailors, and Marines Fund:

to account for interest earned for the purpose of furnishing, food, wearing apparel, medical or surgical care, or funeral expenses of soldiers, sailors, and marines who served in any branch of military service.

Employment Security Administration:

to account for monies collected from various sources for the purpose of defraying the cost of the administration of unemployment compensation.

Environmental Programs:

to account for monies collected for the purpose of providing funds for various environmental programs throughout the state.

Housing Programs:

to account for monies collected for the purpose of providing funds for various housing programs throughout the state.

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2010

(Expressed in Thousands)

	<u>Workers'</u>	<u>Banking</u>	<u>Consumer</u> <u>Counsel and</u> <u>Public Utility</u>	<u>Insurance</u>	<u>Criminal</u> <u>Injuries</u>	<u>Mashantucket</u> <u>Pequot and</u> <u>Mohegan</u> <u>Fund</u>
	<u>Compensation</u>		<u>Control</u>			
Assets						
Cash and Cash Equivalents	\$ 17,591	\$ 20,914	\$ 7,767	\$ 11,493	\$ 3,476	\$ 70
Investments	-	-	-	-	-	-
Receivables:						
Accounts, Net of Allowances	-	54	-	-	-	-
Loans, Net of Allowances	-	-	-	-	-	-
From Other Governments	-	-	-	-	-	-
From Other Funds	18	-	-	7	2	-
Restricted Assets	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Total Assets	<u>\$ 17,609</u>	<u>\$ 20,968</u>	<u>\$ 7,767</u>	<u>\$ 11,500</u>	<u>\$ 3,478</u>	<u>\$ 70</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 851	\$ 697	\$ 4,654	\$ 1,208	\$ 387	\$ -
Notes Payable	-	-	-	-	-	-
Deferred Revenue	-	53	5,112	5,952	-	-
Due to Other Funds	145	156	189	206	-	-
Due to Component Units	-	-	-	-	-	-
Total Liabilities	<u>996</u>	<u>906</u>	<u>9,955</u>	<u>7,366</u>	<u>387</u>	<u>-</u>
Fund Balances						
Reserved For:						
Loans	-	-	-	-	-	-
Continuing Appropriations	-	115	-	-	-	-
Unreserved	<u>16,613</u>	<u>19,947</u>	<u>(2,188)</u>	<u>4,134</u>	<u>3,091</u>	<u>70</u>
Total Fund Balances (Deficit)	<u>16,613</u>	<u>20,062</u>	<u>(2,188)</u>	<u>4,134</u>	<u>3,091</u>	<u>70</u>
Total Liabilities and Fund Balances	<u>\$ 17,609</u>	<u>\$ 20,968</u>	<u>\$ 7,767</u>	<u>\$ 11,500</u>	<u>\$ 3,478</u>	<u>\$ 70</u>

<u>Regional Market</u>	<u>Soldiers, Sailors & Marines</u>	<u>Employment Security Administration</u>	<u>Grant & Loan Programs</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Total</u>
\$ 982	\$ -	\$ 21,370	\$ 274,025	\$ 87,477	\$ 25,382	\$ 31,923	\$ 502,470
-	-	-	-	7,890	-	-	7,890
-	-	-	10,390	3,411	-	2,833	16,688
-	-	-	194,179	22,029	37,053	496	253,757
-	-	12,656	-	-	-	-	12,656
-	4,018	262	178,485	-	-	12	182,804
-	-	-	-	3,449	-	-	3,449
-	-	-	-	346	-	-	346
<u>\$ 982</u>	<u>\$ 4,018</u>	<u>\$ 34,288</u>	<u>\$ 657,079</u>	<u>\$ 124,602</u>	<u>\$ 62,435</u>	<u>\$ 35,264</u>	<u>\$ 980,060</u>
\$ 32	\$ 41	\$ 3,711	\$ 13,473	\$ 2,114	\$ 5	\$ 2,878	\$ 30,051
-	-	-	285,995	-	12,120	-	298,115
-	-	-	10,142	3,159	-	2,734	27,152
7	3,972	783	25	78	1	119	5,681
-	-	-	12,664	-	-	-	12,664
<u>39</u>	<u>4,013</u>	<u>4,494</u>	<u>322,299</u>	<u>5,351</u>	<u>12,126</u>	<u>5,731</u>	<u>373,663</u>
-	-	-	194,179	22,029	37,053	496	253,757
-	-	-	-	-	-	-	115
943	5	29,794	140,601	97,222	13,256	29,037	352,525
<u>943</u>	<u>5</u>	<u>29,794</u>	<u>334,780</u>	<u>119,251</u>	<u>50,309</u>	<u>29,533</u>	<u>606,397</u>
<u>\$ 982</u>	<u>\$ 4,018</u>	<u>\$ 34,288</u>	<u>\$ 657,079</u>	<u>\$ 124,602</u>	<u>\$ 62,435</u>	<u>\$ 35,264</u>	<u>\$ 980,060</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds

For The Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<u>Workers'</u>		<u>Consumer</u>			<u>Mashantucket</u>
	<u>Compensation</u>	<u>Banking</u>	<u>Public Utility</u>	<u>Insurance</u>	<u>Criminal</u>	<u>Pequot and</u>
			<u>Control</u>		<u>Injuries</u>	<u>Mohegan</u>
						<u>Fund</u>
Revenues						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Assessments	-	-	-	-	-	-
Licenses, Permits and Fees	-	30,046	31	1,340	1,138	-
Tobacco Settlement	-	-	-	-	-	-
Federal Grants and Aid	-	-	-	-	-	-
Charges for Services	15	-	-	-	-	-
Fines, Forfeits and Rents	-	2,658	14	-	235	-
Investment Earnings	69	-	-	22	16	-
Interest on Loans	-	-	-	-	-	-
Miscellaneous	<u>30,329</u>	<u>120</u>	<u>20,999</u>	<u>27,079</u>	<u>1,775</u>	<u>-</u>
Total Revenues	<u>30,413</u>	<u>32,824</u>	<u>21,044</u>	<u>28,441</u>	<u>3,164</u>	<u>-</u>
Expenditures						
Current:						
General Government	584	-	61	23	-	61,780
Regulation and Protection	19,143	18,113	24,282	23,382	-	-
Conservation and Development	-	-	-	-	-	-
Health and Hospitals	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Human Services	-	-	-	238	-	-
Education, Libraries, and Museums	-	-	-	-	-	-
Corrections	-	-	-	-	-	-
Judicial	-	-	-	-	3,293	-
Debt Service:						
Interest and Fiscal Charges	-	-	-	-	-	-
Total Expenditures	<u>19,727</u>	<u>18,113</u>	<u>24,343</u>	<u>23,643</u>	<u>3,293</u>	<u>61,780</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>10,686</u>	<u>14,711</u>	<u>(3,299)</u>	<u>4,798</u>	<u>(129)</u>	<u>(61,780)</u>
Other Financing Sources (Uses)						
Bonds Issued	-	-	-	-	-	-
Premium on Bonds Sold	-	-	-	-	-	-
Transfers In	-	-	-	-	-	61,800
Transfers Out	-	-	-	-	(2,275)	-
Special Item: Transfer to General Fund	-	(15,000)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>(2,275)</u>	<u>61,800</u>
Net Change in Fund Balances	10,686	(289)	(3,299)	4,798	(2,404)	20
Fund Balances (Deficit) - Beginning	5,927	20,351	1,111	(664)	5,495	50
Fund Balances (Deficit) - Ending	<u>\$ 16,613</u>	<u>\$ 20,062</u>	<u>\$ (2,188)</u>	<u>\$ 4,134</u>	<u>\$ 3,091</u>	<u>\$ 70</u>

<u>Regional Market</u>	<u>Soldiers, Sailors & Marines</u>	<u>Employment Security Administration</u>	<u>Grant & Loan Programs</u>	<u>Environmental Programs</u>	<u>Housing Programs</u>	<u>Other</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ 659	\$ -	\$ -	\$ 659
-	-	-	-	27,268	-	-	27,268
-	-	399	-	5,662	-	9,130	47,746
-	-	-	-	-	-	128,977	128,977
-	-	96,451	-	-	-	-	96,451
-	-	-	-	3,165	-	990	4,170
942	-	-	-	-	-	533	4,382
3	-	40	2,831	653	213	73	3,920
-	-	-	-	283	-	-	283
<u>5</u>	<u>-</u>	<u>-</u>	<u>4,682</u>	<u>6,622</u>	<u>2,480</u>	<u>16,626</u>	<u>110,717</u>
<u>950</u>	<u>-</u>	<u>96,890</u>	<u>7,513</u>	<u>44,312</u>	<u>2,693</u>	<u>156,329</u>	<u>424,573</u>
-	-	-	32,080	3,506	-	4,892	102,926
-	-	99,470	392	-	-	13,377	198,159
826	-	-	87,081	87,755	14,328	461	190,451
-	-	-	9,843	-	-	1,851	11,694
-	-	-	14,831	8	-	-	14,839
-	2,930	-	5,367	-	190	387	9,112
-	-	-	541,791	-	-	3,783	545,574
-	-	-	2,123	-	-	1,603	3,726
-	-	-	-	-	-	16,085	19,378
<u>64</u>	<u>-</u>	<u>32</u>	<u>4,660</u>	<u>283</u>	<u>-</u>	<u>-</u>	<u>5,039</u>
<u>890</u>	<u>2,930</u>	<u>99,502</u>	<u>698,168</u>	<u>91,552</u>	<u>14,518</u>	<u>42,439</u>	<u>1,100,898</u>
<u>60</u>	<u>(2,930)</u>	<u>(2,612)</u>	<u>(690,655)</u>	<u>(47,240)</u>	<u>(11,825)</u>	<u>113,890</u>	<u>(676,325)</u>
-	-	-	849,150	50,000	-	-	899,150
-	-	-	43,658	347	-	-	44,005
-	2,935	3,527	4,001	-	-	18,500	90,763
-	-	-	(38,997)	(5,295)	-	(138,933)	(185,500)
-	-	-	(8,000)	(12,777)	-	(15,000)	(50,777)
<u>-</u>	<u>2,935</u>	<u>3,527</u>	<u>849,812</u>	<u>32,275</u>	<u>-</u>	<u>(135,433)</u>	<u>797,641</u>
<u>60</u>	<u>5</u>	<u>915</u>	<u>159,157</u>	<u>(14,965)</u>	<u>(11,825)</u>	<u>(21,543)</u>	<u>121,316</u>
<u>883</u>	<u>-</u>	<u>28,879</u>	<u>175,623</u>	<u>134,216</u>	<u>62,134</u>	<u>51,076</u>	<u>485,081</u>
<u>\$ 943</u>	<u>\$ 5</u>	<u>\$ 29,794</u>	<u>\$ 334,780</u>	<u>\$ 119,251</u>	<u>\$ 50,309</u>	<u>\$ 29,533</u>	<u>\$ 606,397</u>

**Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual - Non-GAAP Budgetary Basis
Budgeted Nonmajor Special Revenue Funds**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	Workers' Compensation			Banking		
	<u>Final</u>			<u>Final</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues						
Budgeted:						
Fees, Assessments, and Other Income	\$ 22,700	\$ 30,413	\$ 7,713	\$ 22,100	\$ 32,834	\$ 10,734
Total Budgeted Revenues	<u>22,700</u>	<u>30,413</u>	<u>7,713</u>	<u>22,100</u>	<u>32,834</u>	<u>10,734</u>
Expenditures						
Budgeted:						
Regulation and Protection	22,615	19,672	2,943	20,141	18,213	1,928
Human Services	-	-	-	-	-	-
Total Budgeted Expenditures	<u>22,615</u>	<u>19,672</u>	<u>2,943</u>	<u>20,141</u>	<u>18,213</u>	<u>1,928</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>85</u>	<u>10,741</u>	<u>10,656</u>	<u>1,959</u>	<u>14,621</u>	<u>12,662</u>
Other Financing Sources (Uses)						
Operating Transfer Out	-	-	-	-	(15,000)	(15,000)
Prior Year Appropriations Carried Forward	-	-	-	1,500	1,500	-
Appropriations Continued to Fiscal Year 2011	-	-	-	-	(115)	(115)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>(13,615)</u>	<u>(15,115)</u>
Net Change in Fund Balances	<u>\$ 85</u>	<u>10,741</u>	<u>\$ 10,656</u>	<u>\$ 3,459</u>	<u>1,006</u>	<u>\$ (2,453)</u>
Budgetary Fund Balances - July 1		6,867			21,293	
Changes in Reserves		-			(1,385)	
Budgetary Fund Balances - June 30		<u>\$ 17,608</u>			<u>\$ 20,914</u>	

Consumer Counsel & Public Utility Control			Insurance		
<u>Final</u>			<u>Final</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ 24,600	\$ 21,115	\$ (3,485)	\$ 25,700	\$ 29,017	\$ 3,317
24,600	21,115	(3,485)	25,700	29,017	3,317
23,230	20,551	2,679	25,153	23,068	2,085
-	-	-	500	237	263
23,230	20,551	2,679	25,653	23,305	2,348
1,370	564	(806)	47	5,712	5,665
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 1,370	564	\$ (806)	\$ 47	5,712	\$ 5,665
	7,204			5,789	
	-			-	
	\$ 7,768			\$ 11,501	

Continued on next page

**Schedule of Revenues, Expenditures, and
Changes in Fund Balances
Budget and Actual - Non-GAAP Budgetary Basis
Budgeted Nonmajor Special Revenue Funds (Continued)**

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	Criminal Injuries Compensation			Mashantucket Pequot and Mohegan Fund		
	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues						
Budgeted:						
Operating Transfers In	\$ -	\$ -	\$ -	\$ 61,800	\$ 61,800	\$ -
Fees, Assessments, and Other Income	<u>3,200</u>	<u>3,164</u>	<u>(36)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Budgeted Revenues	<u>3,200</u>	<u>3,164</u>	<u>(36)</u>	<u>61,800</u>	<u>61,800</u>	<u>-</u>
Expenditures						
Budgeted:						
Conservation and Development	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Judicial	3,415	3,110	305	-	-	-
Non Functional	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,780</u>	<u>61,780</u>	<u>-</u>
Total Budgeted Expenditures	<u>3,415</u>	<u>3,110</u>	<u>305</u>	<u>61,780</u>	<u>61,780</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(215)</u>	<u>54</u>	<u>269</u>	<u>20</u>	<u>20</u>	<u>-</u>
Other Financing Sources (Uses)						
Operating Transfer Out	-	(2,275)	(2,275)	-	-	-
Prior Year Appropriations Carried Forward	-	-	-	-	-	-
Appropriations Continued to Fiscal Year 2011	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(2,275)</u>	<u>(2,275)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (215)</u>	<u>(2,221)</u>	<u>\$ (2,006)</u>	<u>\$ 20</u>	<u>20</u>	<u>\$ -</u>
Budgetary Fund Balances - July 1		5,698			50	
Changes in Reserves		<u>-</u>			<u>-</u>	
Budgetary Fund Balances - June 30		<u>\$ 3,477</u>			<u>\$ 70</u>	

<u>Regional Market</u>			<u>Soldiers, Sailors, and Marines</u>		
<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,762	\$ 2,762
1,000	949	(51)	3,000	-	(3,000)
1,000	949	(51)	3,000	2,762	(238)
907	818	89	-	-	-
-	-	-	2,978	2,935	43
-	-	-	-	-	-
64	64	-	-	-	-
971	882	89	2,978	2,935	43
29	67	38	22	(173)	(195)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 29	67	\$ 38	\$ 22	(173)	\$ (195)
	915			(3,787)	
	-			-	
	\$ 982			\$ (3,960)	

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Capital Projects Funds

State Facilities:

to account for proceeds of bond issues and other sources and the subsequent expenditures for the construction of various state buildings and structures.

Infrastructure:

to account for the proceeds of bond issues and related capital project grants to finance the State's transportation infrastructure program over a ten-year period. This program encompasses the planning, acquisition, removal, construction, equipping, reconstruction, repair, rehabilitation and improvement of, and acquisition of easements and rights-of-way with respect to, State highways and bridges, projects on the interstate highway system, alternate highway projects in the interstate substitution program (the "interstate trade-in program"), waterway facilities, aeronautic facilities (excluding Bradley International Airport), the highway safety program, maintenance garages, and administrative facilities of the Department, payment of the State's share of the costs of the local bridge program and payment of State contributions to the local bridge revolving fund.

Other Transportation:

to account for the proceeds of bond issues and related grants to be used for other transportation related capital projects.

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2010

(Expressed in Thousands)

	<u>State Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
Assets				
Due From Other Funds	\$ 363,975	\$ 186,371	\$ 1,576	\$ 551,922
Total Assets	<u>\$ 363,975</u>	<u>\$ 186,371</u>	<u>\$ 1,576</u>	<u>\$ 551,922</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 21,883	\$ 22,206	\$ -	\$ 44,089
Notes Payable	54,970	-	-	54,970
Due To Other Funds	<u>219,216</u>	<u>4,610</u>	<u>-</u>	<u>223,826</u>
Total Liabilities	<u>296,069</u>	<u>26,816</u>	<u>-</u>	<u>322,885</u>
Fund Balances				
Unreserved	<u>67,906</u>	<u>159,555</u>	<u>1,576</u>	<u>229,037</u>
Total Fund Balances	<u>67,906</u>	<u>159,555</u>	<u>1,576</u>	<u>229,037</u>
Total Liabilities and Fund Balances	<u>\$ 363,975</u>	<u>\$ 186,371</u>	<u>\$ 1,576</u>	<u>\$ 551,922</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Projects Funds

For The Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<u>State Facilities</u>	<u>Infrastructure</u>	<u>Transportation</u>	<u>Total</u>
Revenues				
Miscellaneous	\$ -	\$ -	\$ 19	\$ 19
Total Revenues	<u>-</u>	<u>-</u>	<u>19</u>	<u>19</u>
Expenditures				
Capital Projects	76,089	359,199	-	435,288
Debt Service:				
Interest and Fiscal Charges	<u>1,858</u>	<u>2,596</u>	<u>-</u>	<u>4,454</u>
Total Expenditures	<u>77,947</u>	<u>361,795</u>	<u>-</u>	<u>439,742</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(77,947)</u>	<u>(361,795)</u>	<u>19</u>	<u>(439,723)</u>
Other Financing Sources (Uses)				
Bonds Issued	302,965	500,000	-	802,965
Premium on Bonds Issued	15,578	12,338	-	27,916
Transfer Out	<u>(327,740)</u>	<u>(10,492)</u>	<u>(5,028)</u>	<u>(343,260)</u>
Total Other Financing Sources (Uses)	<u>(9,197)</u>	<u>501,846</u>	<u>(5,028)</u>	<u>487,621</u>
Net Change in Fund Balances	<u>(87,144)</u>	<u>140,051</u>	<u>(5,009)</u>	<u>47,898</u>
Fund Balances - Beginning	<u>155,050</u>	<u>19,504</u>	<u>6,585</u>	<u>181,139</u>
Fund Balances - Ending	<u>\$ 67,906</u>	<u>\$ 159,555</u>	<u>\$ 1,576</u>	<u>\$ 229,037</u>

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Permanent Funds

Soldiers', Sailors', and Marines':

to account for the principal and interest earned on investments of this fund. Interest earned has been earmarked by the General Assembly for the benefit of resident veterans to provide such things as food, wearing apparel, medical or surgical aid, care and relief, or funeral benefits.

Connecticut Arts Endowment:

A fund established to support arts organizations throughout Connecticut. The fund administered by the Connecticut Commission on the Arts, finances grants to eligible arts organizations throughout the state.

Combining Balance Sheet

Nonmajor Permanent Funds

June 30, 2010

(Expressed in Thousands)

	<u>Soldiers, Sailors, & Marines</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
Assets				
Cash and Cash Equivalents	\$ 528	\$ -	\$ 5,912	\$ 6,440
Investments	61,699	16,823	14,671	93,193
Securities Lending Collateral	14,944	4,040	3,054	22,038
Due From Other Funds	-	-	4	4
Total Assets	<u>\$ 77,171</u>	<u>\$ 20,863</u>	<u>\$ 23,641</u>	<u>\$ 121,675</u>
Liabilities and Fund Balance				
Liabilities				
Due To Other Funds	\$ 4,018	\$ -	\$ 236	\$ 4,254
Securities Lending Obligation	14,944	4,040	3,054	22,038
Total Liabilities	<u>18,962</u>	<u>4,040</u>	<u>3,290</u>	<u>26,292</u>
Fund Balances				
Reserved For:				
Permanent Investments	61,699	16,823	14,671	93,193
Trust Activities	(3,490)	-	5,680	2,190
Total Fund Balances	<u>58,209</u>	<u>16,823</u>	<u>20,351</u>	<u>95,383</u>
Total Liabilities and Fund Balances	<u>\$ 77,171</u>	<u>\$ 20,863</u>	<u>\$ 23,641</u>	<u>\$ 121,675</u>

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Permanent Funds

For The Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<u>Soldiers, Sailors, & Marines</u>	<u>Connecticut Arts Endowment</u>	<u>Other</u>	<u>Total</u>
Revenues				
Investment Earnings	\$ 7,738	\$ 2,012	\$ 1,754	\$ 11,504
Total Revenues	<u>7,738</u>	<u>2,012</u>	<u>1,754</u>	<u>11,504</u>
Expenditures				
Conservation and Development	-	852	-	852
Education, Libraries and Museums	-	-	22	22
Judicial	-	-	9	9
Total Expenditures	<u>-</u>	<u>852</u>	<u>31</u>	<u>883</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>7,738</u>	<u>1,160</u>	<u>1,723</u>	<u>10,621</u>
Other Financing Sources (Uses)				
Transfers Out	(2,935)	-	(485)	(3,420)
Total Other Financing Sources (Uses)	<u>(2,935)</u>	<u>-</u>	<u>(485)</u>	<u>(3,420)</u>
Net Change in Fund Balances	4,803	1,160	1,238	7,201
Fund Balances - Beginning	53,406	15,663	19,113	88,182
Fund Balances - Ending	<u>\$ 58,209</u>	<u>\$ 16,823</u>	<u>\$ 20,351</u>	<u>\$ 95,383</u>

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Enterprise Funds

Bradley Parking Garage:

In 2000, Bradley parking garage bonds were issued in the amount of \$53,800,000. These bonds were issued to build a parking garage at the airport.

Second Injury and Compensation Assurance:

An extension of the Worker's compensation Act, the fund is currently used to pay claimants whose injuries are made more severe because of a pre-existing condition, and in cases where an injured worker receiving worker's compensation subsequently undergoes an incapacitating relapse.

Drinking Water:

to account for resources used to provide loans to municipalities to finance activities needed to achieve or maintain compliance with the Safe Drinking Water Act.

Combining Statement of Net Assets Nonmajor Enterprise Funds

June 30, 2010

(Expressed in Thousands)

	<u>Community/ Technical Colleges</u>	<u>Second Injury & Compensation Assurance</u>	<u>Bradley Parking Garage</u>
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 105,151	\$ 45,622	\$ 40
Accounts Receivable, Net of Allowances	6,528	5,907	1,187
Loans, Net of Allowances	-	-	-
Interest Receivable	-	-	156
Due From Other Funds	223,441	-	-
Due From Other Governments	-	-	-
Other	257	42	-
Total Current Assets	<u>335,377</u>	<u>51,571</u>	<u>1,383</u>
Noncurrent Assets:			
Cash and Cash Equivalents	-	-	-
Investments	-	-	-
Receivables:			
Loans, Net of Allowances	448	-	-
Restricted Assets	-	-	12,413
Capital Assets, Net of Accumulated Depreciation	515,841	3	32,400
Other Noncurrent Assets	-	-	835
Total Noncurrent Assets	<u>516,289</u>	<u>3</u>	<u>45,648</u>
Total Assets	<u>851,666</u>	<u>51,574</u>	<u>47,031</u>
Liabilities			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	46,410	11,969	2,413
Current Portion of Long-Term Debt	2,028	457	1,858
Deferred Revenue	3,292	-	-
Other Current Liabilities	219	-	12
Total Current Liabilities	<u>51,949</u>	<u>12,426</u>	<u>4,283</u>
Noncurrent Liabilities:			
Noncurrent Portion of Long-Term Liabilities	<u>38,966</u>	<u>1,317</u>	<u>66,537</u>
Total Noncurrent Liabilities	<u>38,966</u>	<u>1,317</u>	<u>66,537</u>
Total Liabilities	<u>90,915</u>	<u>13,743</u>	<u>70,820</u>
Net Assets (Deficit)			
Invested in Capital Assets, Net of Related Debt	515,841	-	(10,604)
Restricted for:			
Debt Service	-	-	4,508
Drinking Water Projects	-	-	-
Nonexpendable Purposes	20	-	-
Other Purposes	206,983	-	-
Unrestricted (Deficit)	<u>37,907</u>	<u>37,831</u>	<u>(17,693)</u>
Total Net Assets (Deficit)	<u>\$ 760,751</u>	<u>\$ 37,831</u>	<u>\$ (23,789)</u>

Drinking Water	Rate Reduction Bond Operations (12-31-09)	Total
\$ 414	\$ 22	\$ 151,249
-	-	13,622
8,021	-	8,021
314	-	470
-	-	223,441
441	-	441
-	-	299
<u>9,190</u>	<u>22</u>	<u>397,543</u>
42,915	-	42,915
233	-	233
61,465	-	61,913
51,727	-	64,140
-	-	548,244
1,212	-	2,047
<u>157,552</u>	<u>-</u>	<u>719,492</u>
<u>166,742</u>	<u>22</u>	<u>1,117,035</u>
731	-	61,523
4,055	-	8,398
-	-	3,292
-	-	231
<u>4,786</u>	<u>-</u>	<u>73,444</u>
<u>52,227</u>	<u>-</u>	<u>159,047</u>
<u>52,227</u>	<u>-</u>	<u>159,047</u>
<u>57,013</u>	<u>-</u>	<u>232,491</u>
-	-	505,237
-	-	4,508
95,026	-	95,026
-	-	20
-	-	206,983
14,703	22	72,770
<u>\$ 109,729</u>	<u>\$ 22</u>	<u>\$ 884,544</u>

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Nonmajor Enterprise Funds

For The Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<u>Community/ Technical Colleges</u>	<u>Second Injury & Compensation Assurance</u>	<u>Bradley Parking Garage</u>
Operating Revenues			
Assessments	\$ -	\$ 29,490	\$ -
Charges for Sales and Services	100,779	-	18,457
Federal Grants and Contracts	72,948	-	-
State Grants and Contracts	16,786	-	-
Private Gifts and Grants	6,156	-	-
Interest on Loans	-	-	-
Miscellaneous	6,050	640	-
Total Operating Revenues	<u>202,719</u>	<u>30,130</u>	<u>18,457</u>
Operating Expenses			
Salaries, Wages and Administrative	390,671	6,652	7,705
Claims Paid	-	38,144	-
Depreciation and Amortization	21,991	2	1,190
Other	35,299	-	-
Total Operating Expenses	<u>447,961</u>	<u>44,798</u>	<u>8,895</u>
Operating Income	<u>(245,242)</u>	<u>(14,668)</u>	<u>9,562</u>
Nonoperating Revenues (Expenses)			
Interest and Investment Income	296	171	335
Interest and Fiscal Charges	-	-	(3,620)
Other	867	-	(1,071)
Total Nonoperating Income (Expense)	<u>1,163</u>	<u>171</u>	<u>(4,356)</u>
Income (Loss) Before Grants, Transfers, and Special Item	<u>(244,079)</u>	<u>(14,497)</u>	<u>5,206</u>
Federal Capitalization Grants	-	-	-
Transfers In	441,489	-	-
Transfers Out	-	-	(9,849)
Special Item: Transfer to General Fund	(1,000)	-	-
Change in Net Assets	<u>196,410</u>	<u>(14,497)</u>	<u>(4,643)</u>
Total Net Assets (Deficit) - Beginning	<u>564,341</u>	<u>52,328</u>	<u>(19,146)</u>
Total Net Assets (Deficit) - Ending	<u>\$ 760,751</u>	<u>\$ 37,831</u>	<u>\$ (23,789)</u>

Drinking Water	Rate Reduction Bond Operations (12-31-09)	Total
\$ -	\$ -	\$ 29,490
-	-	119,236
-	-	72,948
-	-	16,786
-	-	6,156
1,678	-	1,678
-	-	6,690
<u>1,678</u>	<u>-</u>	<u>252,984</u>
3,091	162	408,281
-	-	38,144
-	-	23,183
3,977	-	39,276
<u>7,068</u>	<u>162</u>	<u>508,884</u>
<u>(5,390)</u>	<u>(162)</u>	<u>(255,900)</u>
1,129	23	1,954
(2,649)	-	(6,269)
212	(11,829)	(11,821)
<u>(1,308)</u>	<u>(11,806)</u>	<u>(16,136)</u>
<u>(6,698)</u>	<u>(11,968)</u>	<u>(272,036)</u>
11,695	-	11,695
2,620	-	444,109
-	-	(9,849)
-	-	(1,000)
7,617	(11,968)	172,919
102,112	11,990	711,625
<u>\$ 109,729</u>	<u>\$ 22</u>	<u>\$ 884,544</u>

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<u>Community/ Technical Colleges</u>	<u>Second Injury & Compensation Assurance</u>	<u>Bradley Parking Garage</u>
Cash Flows from Operating Activities			
Receipts from Customers	\$ 97,135	\$ 29,490	\$ 18,457
Payments to Suppliers	(71,785)	-	(5,712)
Payments to Employees	(321,539)	(6,005)	(1,993)
Other Receipts (Payments)	<u>(81,100)</u>	<u>(35,285)</u>	<u>4,447</u>
Net Cash Provided by (Used in) Operating Activities	<u>(377,289)</u>	<u>(11,800)</u>	<u>15,199</u>
Cash Flows from Noncapital Financing Activities			
Proceeds from Sales of Bonds	-	-	-
Retirement of Bonds and Annuities Payable	-	-	(1,650)
Interest of Bonds	-	-	-
Transfers In	241,385	-	-
Transfers Out	-	-	(9,849)
Other Receipts (Payments)	<u>8,701</u>	<u>-</u>	<u>(451)</u>
Net Cash Flows from Noncapital Financing Activities	<u>250,086</u>	<u>-</u>	<u>(11,950)</u>
Cash Flows from Capital and Related Financing Activities			
Additions to Property, Plant and Equipment	(7,625)	-	-
Interest Paid on Capital Debt	-	-	(3,620)
Federal Grant	-	-	-
Transfer In	202,412	-	-
Other Receipts (Payments)	<u>(45,995)</u>	<u>-</u>	<u>-</u>
Net Cash Flows from Capital and Related Financing Activities	<u>148,792</u>	<u>-</u>	<u>(3,620)</u>
Cash Flows from Investing Activities			
Interest on Investments	372	171	335
(Increase) Decrease in Restricted Assets	-	-	-
Other Receipts (Payments)	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Flows from Investing Activities	<u>372</u>	<u>171</u>	<u>335</u>
Net Increase (Decrease) in Cash and Cash Equivalents	21,961	(11,629)	(36)
Cash and Cash Equivalents - Beginning of Year	83,190	57,251	76
Cash and Cash Equivalents - End of Year	<u>\$ 105,151</u>	<u>\$ 45,622</u>	<u>\$ 40</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities			
Operating Income (Loss)	\$ (245,242)	\$ (14,668)	\$ 9,562
Adjustments not Affecting Cash:			
Depreciation and Amortization	21,991	2	1,190
Other	(8,712)	-	-
Change in Assets and Liabilities:			
(Increase) Decrease in Receivables, Net	(148,497)	2,244	(451)
(Increase) Decrease in Inventories and Other Assets	1,702	(25)	1,098
Increase (Decrease) in Accounts Payables & Accrued Liabilities	<u>1,469</u>	<u>647</u>	<u>3,800</u>
Total Adjustments	<u>(132,047)</u>	<u>2,868</u>	<u>5,637</u>
Net Cash Provided by (Used In) Operating Activities	<u>\$ (377,289)</u>	<u>\$ (11,800)</u>	<u>\$ 15,199</u>

Rate Reduction		
Bond		
Drinking Water	Operations (12-31-09)	Totals
\$ 7,062	\$ -	\$ 152,144
(3,977)	-	(81,474)
(2,171)	(162)	(331,870)
(5,040)	-	(116,978)
<u>(4,126)</u>	<u>(162)</u>	<u>(378,178)</u>
-	-	-
(3,964)	-	(5,614)
(2,405)	-	(2,405)
1,472	-	242,857
-	-	(9,849)
-	(11,828)	(3,578)
<u>(4,897)</u>	<u>(11,828)</u>	<u>221,411</u>
-	-	(7,625)
-	-	(3,620)
11,568	-	11,568
-	-	202,412
-	-	(45,995)
<u>11,568</u>	<u>-</u>	<u>156,740</u>
1,141	22	2,041
1,507	-	1,507
(4,779)	-	(4,779)
<u>(2,131)</u>	<u>22</u>	<u>(1,231)</u>
414	(11,968)	(1,258)
-	11,990	152,507
<u>\$ 414</u>	<u>\$ 22</u>	<u>\$ 151,249</u>
\$ (5,390)	\$ (162)	\$ (255,900)
-	-	23,183
-	-	(8,712)
76	-	(146,628)
1,188	-	3,963
-	-	5,916
<u>1,264</u>	<u>-</u>	<u>(122,278)</u>
<u>\$ (4,126)</u>	<u>\$ (162)</u>	<u>\$ (378,178)</u>

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Internal Service Funds

Correction Industries:

to account for the revenues and expenses associated with the sale of goods resulting from the industrial activities of the inmates at correctional institutions.

Administrative Services:

to account for the various services provided by the Department of Administrative Services to other agencies. For example, fleet operations, printing, etc.

Information Technology:

to account for the various services provided by the Department of Information Technology to other agencies. For example, information systems support, telecommunications, etc.

Combining Statement of Net Assets

Internal Service Funds

June 30, 2010

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information & Technology</u>	<u>Administrative Services</u>	<u>Total</u>
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 3,109	\$ 5,182	\$ -	\$ 8,291
Receivables, Net of Allowances	19	141	84	244
Due From Other Funds	357	-	-	357
Inventories	3,853	-	93	3,946
Other Current Assets	-	-	1,919	1,919
Total Current Assets	<u>7,338</u>	<u>5,323</u>	<u>2,096</u>	<u>14,757</u>
Noncurrent Assets:				
Capital Assets, Net of Accumulated Depreciation	<u>1,408</u>	<u>-</u>	<u>35,241</u>	<u>36,649</u>
Total Noncurrent Assets	<u>1,408</u>	<u>-</u>	<u>35,241</u>	<u>36,649</u>
Total Assets	<u>8,746</u>	<u>5,323</u>	<u>37,337</u>	<u>51,406</u>
Current Liabilities:				
Accounts Payable and Accrued Liabilities	1,231	2,489	2,132	5,852
Due To Other Funds	-	-	66,931	66,931
Deferred Revenue	-	-	129	129
Compensated Absences-Current Portion	<u>56</u>	<u>19</u>	<u>43</u>	<u>118</u>
Total Current Liabilities	<u>1,287</u>	<u>2,508</u>	<u>69,235</u>	<u>73,030</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Debt	-	705	-	705
Compensated Absences	883	645	834	2,362
Advances From Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Liabilities	<u>883</u>	<u>1,350</u>	<u>834</u>	<u>3,067</u>
Total Liabilities	<u>2,170</u>	<u>3,858</u>	<u>70,069</u>	<u>76,097</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	1,408	-	35,241	36,649
Unrestricted (Deficit)	<u>5,168</u>	<u>1,465</u>	<u>(67,973)</u>	<u>(61,340)</u>
Total Net Assets (Deficit)	<u>\$ 6,576</u>	<u>\$ 1,465</u>	<u>\$ (32,732)</u>	<u>\$ (24,691)</u>

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets Internal Service Funds

For The Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<u>Correction Industries</u>	<u>Information & Technology</u>	<u>Administrative Services</u>	<u>Total</u>
Operating Revenues				
Charges for Sales and Services	\$ 21,070	\$ 7,155	\$ 27,048	\$ 55,273
Miscellaneous	13	8	-	21
Total Operating Revenues	<u>21,083</u>	<u>7,163</u>	<u>27,048</u>	<u>55,294</u>
Operating Expenses				
Salaries, Wages and Administrative	20,697	1,600	12,253	34,550
Depreciation and Amortization	544	-	16,555	17,099
Total Operating Expenses	<u>21,241</u>	<u>1,600</u>	<u>28,808</u>	<u>51,649</u>
Operating Income (Loss)	<u>(158)</u>	<u>5,563</u>	<u>(1,760)</u>	<u>3,645</u>
Nonoperating Revenue (Expenses)				
Investment Income	12	-	-	12
Other Nonoperating Expense	(319)	(12,885)	-	(13,204)
Total Nonoperating Revenues (Expenses)	<u>(307)</u>	<u>(12,885)</u>	<u>-</u>	<u>(13,192)</u>
Income (Loss) Before Transfers and Special Item	<u>(465)</u>	<u>(7,322)</u>	<u>(1,760)</u>	<u>(9,547)</u>
Transfers In	-	715	-	715
Transfers Out	-	(100)	-	(100)
Special Item: Transfer to General Fund	(1,200)	(3,900)	-	(5,100)
Change in Net Assets	(1,665)	(10,607)	(1,760)	(14,032)
Total Net Assets (Deficit) - Beginning	<u>8,241</u>	<u>12,072</u>	<u>(30,972)</u>	<u>(10,659)</u>
Total Net Assets (Deficit) - Ending	<u>\$ 6,576</u>	<u>\$ 1,465</u>	<u>\$ (32,732)</u>	<u>\$ (24,691)</u>

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	Correction Industries	Information Technology	Administrative Services	Totals
Cash Flows from Operating Activities				
Receipts from Customers	\$ 21,545	\$ 9,215	\$ 27,077	\$ 57,837
Payments to Suppliers	(17,808)	(95)	(17,694)	(35,597)
Payments to Employees	(2,846)	(3,094)	(7,856)	(13,796)
Other Receipts (Payments)	(1,361)	(2,485)	(1,919)	(5,765)
Net Cash Provided by (Used in) Operating Activities	(470)	3,541	(392)	2,679
Cash Flows from Capital and Related Financing Activities				
Additions to Property, Plant and Equipment	(375)	-	-	(375)
Other Receipts (Payments)	-	7,724	392	8,116
Net Cash Flows from Capital and Related Financing Activities	(375)	7,724	392	7,741
Cash Flows from Noncapital Financing Activities				
Other Receipts (Payments)	(319)	(12,886)	-	(13,205)
Net Cash Flows from Noncapital Financing Activities	(319)	(12,886)	-	(13,205)
Cash Flows from Investing Activities				
Interest on Investments	12	-	-	12
Net Cash Flows from Investing Activities	12	-	-	12
Net Increase (Decrease) in Cash and Cash Equivalents	(1,152)	(1,621)	-	(2,773)
Cash and Cash Equivalents - Beginning of Year	4,261	6,803	-	11,064
Cash and Cash Equivalents - End of Year	\$ 3,109	\$ 5,182	\$ -	\$ 8,291
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	\$ (158)	\$ 5,563	\$ (1,760)	\$ 3,645
Adjustments Not Affecting Cash:				
Depreciation	544	-	16,555	17,099
Other	(1,200)	(3,285)	-	(4,485)
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables, Net	25	(58)	29	(4)
(Increase) Decrease in Due From Other Funds	450	2,118	-	2,568
(Increase) Decrease in Inventories and Other Assets	(174)	792	(1,919)	(1,301)
Increase (Decrease) in Accounts Payables & Accrued Liabilities	43	(1,589)	(13,297)	(14,843)
Total Adjustments	(312)	(2,022)	1,368	(966)
Net Cash Provided by (Used In) Operating Activities	\$ (470)	\$ 3,541	\$ (392)	\$ 2,679

Pension and (Other Employee Benefit) Trust Funds

Pension Trust Funds:

See notes 11 and 12 for a description of the Pension Trust Funds.

Retired Teachers' Health Benefits Plan:

to account for resources used to provide health benefits to retired teachers and their beneficiaries. The plan is administered by the Teachers' Retirement Board.

Policemen, Firemen Survivors' Benefits Plan:

to account for resources used to provide benefits to the survivors of policemen and firemen. The plan is administered by the State Comptroller's Retirement Division.

State Employees' Health Benefits Plan:

to account for resources used to provide health benefits to retired State employees and their beneficiaries. The plan is administered by the State Comptroller's Retirement Division.

Combining Statement of Fiduciary Net Assets Pension (and Other Employee Benefit) Trust Funds

June 30, 2010

(Expressed in Thousands)

	Pension Trust			
	<u>State Employees</u>	<u>State Teachers</u>	<u>Judicial</u>	<u>Connecticut Municipal Employees</u>
Assets				
Cash and Cash Equivalents	\$ -	\$ 1,095	\$ 1	\$ -
Receivables:				
Accounts, Net of Allowances	2,088	8,939	7	7,409
From Other Governments	-	2,219	-	-
From Other Funds	(8)	(7)	-	1
Interest	28	49	1	7
Investments	7,789,607	12,273,555	149,775	1,470,621
Securities Lending Collateral	979,674	1,518,160	27,783	248,333
Total Assets	<u>8,771,389</u>	<u>13,804,010</u>	<u>177,567</u>	<u>1,726,371</u>
Liabilities				
Accounts Payable and Accrued Liabilities	15	-	-	-
Securities Lending Obligation	979,674	1,518,160	27,783	248,333
Due to Other Funds	358	1,520	-	131
Total Liabilities	<u>980,047</u>	<u>1,519,680</u>	<u>27,783</u>	<u>248,464</u>
Net Assets				
Held in Trust For Employee				
Pension and Other Benefits	7,791,342	12,284,330	149,784	1,477,907
Total Net Assets	<u>\$ 7,791,342</u>	<u>\$ 12,284,330</u>	<u>\$ 149,784</u>	<u>\$ 1,477,907</u>

<u>Pension Trust</u>			<u>Other Employee Benefits</u>			
<u>Probate Judges</u>	<u>Other</u>	<u>Retired Teacher Healthcare Plan</u>	<u>Policemen, Firemen, Survivors' Benefits</u>	<u>State Employee OPEB Plan</u>	<u>Total</u>	
\$ 33	\$ 234	\$ 66,072	\$ 9	\$ 44,406	\$ 111,850	
5	-	-	-	-	18,448	
-	-	-	-	-	2,219	
-	-	1,565	-	42	1,593	
-	-	-	-	-	85	
71,821	991	-	19,425	-	21,775,795	
12,191	172	-	3,481	-	2,789,794	
<u>84,050</u>	<u>1,397</u>	<u>67,637</u>	<u>22,915</u>	<u>44,448</u>	<u>24,699,784</u>	
-	-	1,123	-	8,792	9,930	
12,191	172	-	3,481	-	2,789,794	
-	-	-	-	-	2,009	
<u>12,191</u>	<u>172</u>	<u>1,123</u>	<u>3,481</u>	<u>8,792</u>	<u>2,801,733</u>	
<u>71,859</u>	<u>1,225</u>	<u>66,514</u>	<u>19,434</u>	<u>35,656</u>	<u>21,898,051</u>	
\$ 71,859	\$ 1,225	\$ 66,514	\$ 19,434	\$ 35,656	\$ 21,898,051	

Combining Statement of Changes in Fiduciary Net Assets Pension (and Other Employee Benefit) Trust Funds

For The Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

Pension Trust				
	<u>State Employees</u>	<u>State Teachers</u>	<u>Judicial</u>	<u>Connecticut Municipal Employees</u>
Additions				
Contributions:				
Plan Members	\$ 65,662	\$ 252,975	\$ 1,570	\$ 15,879
State	720,527	559,224	-	-
Municipalities	-	-	-	38,437
Total Contributions	<u>786,189</u>	<u>812,199</u>	<u>1,570</u>	<u>54,316</u>
Investment Income	986,656	1,538,815	19,350	174,508
Less: Investment Expenses	<u>(31,745)</u>	<u>(48,923)</u>	<u>(623)</u>	<u>(5,614)</u>
Net Investment Income	<u>954,911</u>	<u>1,489,892</u>	<u>18,727</u>	<u>168,894</u>
Transfers In	-	-	-	-
Other	-	201	-	989
Total Additions	<u>1,741,100</u>	<u>2,302,292</u>	<u>20,297</u>	<u>224,199</u>
Deductions				
Administrative Expense	417	-	-	-
Benefit Payments and Refunds	1,272,121	1,428,516	18,694	95,514
Other	-	126	-	3
Total Deductions	<u>1,272,538</u>	<u>1,428,642</u>	<u>18,694</u>	<u>95,517</u>
Changes in Net Assets	468,562	873,650	1,603	128,682
Net Assets Held in Trust For Pension and Other Employee Benefits				
Beginning of Year	<u>7,322,780</u>	<u>11,410,680</u>	<u>148,181</u>	<u>1,349,225</u>
End of Year	<u>\$ 7,791,342</u>	<u>\$ 12,284,330</u>	<u>\$ 149,784</u>	<u>\$ 1,477,907</u>

Pension Trust			Other Employee Benefits			
Probate			Retired	Policemen,	State	
Judges	Other		Teacher	Firemen,	Employee OPEB	
			Healthcare Plan	Survivors 'Benefits	Plan	Total
\$ 297	\$ 52	\$ 71,946	\$ 452	\$ -	\$ 408,833	
-	-	12,108	-	555,131	1,846,990	
-	-	-	1	-	38,438	
297	52	84,054	453	555,131	2,294,261	
8,577	93	181	2,140	177	2,730,497	
(276)	(2)	-	(69)	-	(87,252)	
8,301	91	181	2,071	177	2,643,245	
2,740	-	-	-	-	2,740	
149	-	-	-	-	1,339	
11,487	143	84,235	2,524	555,308	4,941,585	
-	-	1,771	-	-	2,188	
3,175	2	81,604	908	544,313	3,444,847	
2,751	-	-	-	-	2,880	
5,926	2	83,375	908	544,313	3,449,915	
5,561	141	860	1,616	10,995	1,491,670	
66,298	1,084	65,654	17,818	24,661	20,406,381	
\$ 71,859	\$ 1,225	\$ 66,514	\$ 19,434	\$ 35,656	\$ 21,898,051	

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Agency Funds

Insurance Companies' Securities:

To account for securities that are deposited with the Treasurer to be held for policyholders of insurance companies as a prerequisite to such companies transacting business with the State.

Combining Statement of Assets and Liabilities

Agency Funds

June 30, 2009

(Expressed in Thousands)

	<u>Fringe Benefit</u>	<u>Receipts</u>	<u>Insurance</u>	<u>State</u>		
	<u>Clearing</u>	<u>Pending</u>	<u>Companies'</u>	<u>Institution</u>	<u>Other</u>	<u>Total</u>
Assets		<u>Distribution</u>	<u>Securities</u>	<u>Activity</u>		
Cash and Cash Equivalents	\$ 34	\$ -	\$ -	\$ 29,532	\$ 50,403	\$ 79,969
Receivables:						
Accounts, Net of Allowances	-	2,233	-	4,962	-	7,195
From Other Funds	5,670	-	-	-	-	5,670
Interest	-	-	-	3	7	10
Inventories	-	-	-	17	-	17
Other Assets	-	-	328,510	731	38,620	367,861
Total Assets	<u>\$ 5,704</u>	<u>\$ 2,233</u>	<u>\$ 328,510</u>	<u>\$ 35,245</u>	<u>\$ 89,030</u>	<u>\$ 460,722</u>
Liabilities						
Accounts Payable and Accrued Liabilities	\$ -	\$ 7,499	\$ -	\$ 816	\$ 222	\$ 8,537
Due To Other Funds	-	19,411	-	-	-	19,411
Funds Held for Others	5,704	(24,677)	328,510	34,429	88,808	432,774
Total Liabilities	<u>\$ 5,704</u>	<u>\$ 2,233</u>	<u>\$ 328,510</u>	<u>\$ 35,245</u>	<u>\$ 89,030</u>	<u>\$ 460,722</u>

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For The Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<u>Fringe Benefit Clearing</u>				
Assets				
Cash and Cash Equivalents	\$ 33	\$ 1	\$ -	\$ 34
From Other Funds	5,612	5,670	5,612	5,670
Total Assets	<u>\$ 5,645</u>	<u>\$ 5,671</u>	<u>\$ 5,612</u>	<u>\$ 5,704</u>
Liabilities				
Funds Held for Others	\$ 5,645	\$ 5,679	\$ 5,620	\$ 5,704
Total Liabilities	<u>\$ 5,645</u>	<u>\$ 5,679</u>	<u>\$ 5,620</u>	<u>\$ 5,704</u>
<u>Receipts Pending Distribution</u>				
Assets				
Accounts, Net of Allowances	\$ 1,520	\$ 2,233	\$ 1,520	\$ 2,233
Total Assets	<u>\$ 1,520</u>	<u>\$ 2,233</u>	<u>\$ 1,520</u>	<u>\$ 2,233</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 7,192	\$ 7,499	\$ 7,192	\$ 7,499
Due To Other Funds	16,857	19,411	16,857	19,411
Funds Held for Others	(22,529)	2,473	4,621	(24,677)
Total Liabilities	<u>\$ 1,520</u>	<u>\$ 29,383</u>	<u>\$ 28,670</u>	<u>\$ 2,233</u>
<u>Insurance Companies Securities</u>				
Assets				
Other Assets	\$ 326,153	\$ 328,510	\$ 326,153	\$ 328,510
Total Assets	<u>\$ 326,153</u>	<u>\$ 328,510</u>	<u>\$ 326,153</u>	<u>\$ 328,510</u>
Liabilities				
Funds Held for Others	\$ 326,153	\$ 328,510	\$ 326,153	\$ 328,510
Total Liabilities	<u>\$ 326,153</u>	<u>\$ 328,510</u>	<u>\$ 326,153</u>	<u>\$ 328,510</u>
<u>State Institution Activity</u>				
Assets				
Cash and Cash Equivalents	\$ 25,701	\$ 29,532	\$ 25,701	\$ 29,532
Accounts, Net of Allowances	3,421	4,962	3,421	4,962
Interest	5	3	5	3
Inventories	452	17	452	17
Other Assets	296	731	296	731
Total Assets	<u>\$ 29,875</u>	<u>\$ 35,245</u>	<u>\$ 29,875</u>	<u>\$ 35,245</u>
Liabilities				
Accounts Payable and Accrued Liabilities	\$ 817	\$ 816	\$ 817	\$ 816
Funds Held for Others	29,058	34,429	29,058	34,429
Total Liabilities	<u>\$ 29,875</u>	<u>\$ 35,245</u>	<u>\$ 29,875</u>	<u>\$ 35,245</u>

continues

Combining Statement of Changes in Assets and Liabilities

continued

Agency Funds

For The Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>Other</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 66,194	\$ 50,403	\$ 66,194	\$ 50,403
Interest	18	7	18	7
Other Assets	38,172	38,620	38,172	38,620
Total Assets	<u>\$ 104,384</u>	<u>\$ 89,030</u>	<u>\$ 104,384</u>	<u>\$ 89,030</u>
<u>Liabilities</u>				
Accounts Payable and Accrued Liabilities	\$ 1,107	\$ 222	\$ 1,107	\$ 222
Funds Held for Others	103,277	88,808	103,277	88,808
Total Liabilities	<u>\$ 104,384</u>	<u>\$ 89,030</u>	<u>\$ 104,384</u>	<u>\$ 89,030</u>
<u>Total - All Agency Funds</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 91,928	\$ 79,936	\$ 91,895	\$ 79,969
Accounts, Net of Allowances	4,941	7,195	4,941	7,195
From Other Funds	5,612	5,670	5,612	5,670
Interest	23	10	23	10
Inventories	452	17	452	17
Other Assets	364,621	367,861	364,621	367,861
Total Assets	<u>\$ 467,577</u>	<u>\$ 460,689</u>	<u>\$ 467,544</u>	<u>\$ 460,722</u>
<u>Liabilities</u>				
Accounts Payable and Accrued Liabilities	\$ 9,116	\$ 8,537	\$ 9,116	\$ 8,537
Due To Other Funds	16,857	19,411	16,857	19,411
Funds Held for Others	441,604	459,899	468,729	432,774
Total Liabilities	<u>\$ 467,577</u>	<u>\$ 487,847</u>	<u>\$ 494,702</u>	<u>\$ 460,722</u>

Component Units

Connecticut Development Authority:

the Connecticut Development Authority is a public instrumentality and political subdivision of the State. The Authority was created to stimulate industrial and commercial development within the State through its Self-Sustaining Bond Program, its Umbrella Program, and its Insurance Program.

Connecticut Resources Recovery Authority:

the Connecticut Resources Recovery Authority is a public instrumentality and political subdivision of the State. The Authority is responsible for implementing the State's solid waste management plan, which includes design, construction, and operation of resources recovery facilities, and the marketing of recovered products.

Connecticut Higher Education Supplemental Loan Authority:

the Connecticut Higher Education Supplementary Loan Authority is a public instrumentality and political subdivision of the State. The Authority was created to assist students, their parents and institutions of higher education to finance the cost of higher education through its bond funds.

Capital City Economic Development Authority:

the Capital City Economic Development Authority is a public instrumentality of the state. The authority was created in 1998 to use municipal and state financial resources for the purpose of building a variety of Hartford based projects ranging from facilities to accommodate the exhibition, hospitality, and tourism industries to downtown residential housing.

Connecticut Innovations, Incorporated:

Connecticut Innovations is a public instrumentality and political subdivision of the State. It was established to stimulate and promote technological innovation and application of technology within Connecticut by providing financial technical assistance.

Combining Statement of Net Assets

Nonmajor Component Units

June 30, 2010

(Expressed in Thousands)

	<u>Connecticut Development Authority</u>	<u>Connecticut Higher Education Supplemental Loan Authority</u>	<u>Connecticut Resources Recovery Authority</u>	<u>Connecticut Innovations, Incorporated</u>
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 31,301	\$ 1,136	\$ 79,031	\$ 40,078
Investments	-	-	-	2,590
Receivables:				
Accounts, Net of Allowances	-	12	22,571	-
Loans, Net of Allowances	5,373	13,760	-	-
Interest Receivable	546	618	-	-
Due From Primary Government	13,019	-	-	-
Restricted Assets	-	34,343	46,410	-
Inventories	-	-	3,870	-
Other Current Assets	505	-	1,144	2,683
Total Current Assets	<u>50,744</u>	<u>49,869</u>	<u>153,026</u>	<u>45,351</u>
Noncurrent Assets:				
Investments	1,228	-	-	38,004
Accounts, Net of Allowances	-	-	-	-
Loans, Net of Allowances	51,164	106,719	-	-
Restricted Assets	21,017	15,617	23,251	-
Capital Assets, Net of Accumulated Depreciation	93	-	129,521	623
Other Noncurrent Assets	303	2,575	2,727	-
Total Noncurrent Assets	<u>73,805</u>	<u>124,911</u>	<u>155,499</u>	<u>38,627</u>
Total Assets	<u>124,549</u>	<u>174,780</u>	<u>308,525</u>	<u>83,978</u>
Liabilities				
Current Liabilities:				
Accounts Payable & Accrued Liabilities	1,536	970	19,253	1,697
Current Portion of Long-Term Obligations	3,810	10,411	14,523	-
Other Liabilities	872	-	-	31
Total Current Liabilities	<u>6,218</u>	<u>11,381</u>	<u>33,776</u>	<u>1,728</u>
Noncurrent Liabilities:				
Noncurrent Portion of Long-Term Obligations	<u>25,019</u>	<u>150,246</u>	<u>56,906</u>	<u>-</u>
Total Noncurrent Liabilities	<u>25,019</u>	<u>150,246</u>	<u>56,906</u>	<u>-</u>
Total Liabilities	<u>31,237</u>	<u>161,627</u>	<u>90,682</u>	<u>1,728</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	93	-	120,895	623
Restricted:				
Debt Service	-	-	5,559	-
Expendable Endowments	-	-	-	-
Nonexpendable Endowments	-	-	-	-
Other Purposes	12,330	1,000	31,456	-
Unrestricted	<u>80,889</u>	<u>12,153</u>	<u>59,933</u>	<u>81,627</u>
Total Net Assets	<u>\$ 93,312</u>	<u>\$ 13,153</u>	<u>\$ 217,843</u>	<u>\$ 82,250</u>

Capital City Economic Development Authority	UConn Foundation	<u>Total</u>
\$ 7,054	\$ 1,457	\$ 160,057
-	306,714	309,304
513	5,615	28,711
-	-	19,133
-	-	1,164
-	-	13,019
-	-	80,753
100	-	3,970
159	-	4,491
<u>7,826</u>	<u>313,786</u>	<u>620,602</u>
-	-	39,232
-	16,584	16,584
-	-	157,883
5,594	912	66,391
290,118	4,793	425,148
6,337	1,094	13,036
<u>302,049</u>	<u>23,383</u>	<u>718,274</u>
<u>309,875</u>	<u>337,169</u>	<u>1,338,876</u>
2,402	3,630	29,488
2,952	230	31,926
-	-	903
<u>5,354</u>	<u>3,860</u>	<u>62,317</u>
<u>130,723</u>	<u>9,469</u>	<u>372,363</u>
<u>130,723</u>	<u>9,469</u>	<u>372,363</u>
<u>136,077</u>	<u>13,329</u>	<u>434,680</u>
162,566	(1,540)	282,637
-	-	5,559
-	79,812	79,812
-	258,498	258,498
5,594	-	50,380
5,638	(12,930)	227,310
<u>\$ 173,798</u>	<u>\$ 323,840</u>	<u>\$ 904,196</u>

Combining Statement of Activities

Nonmajor Component Units

For The Fiscal Year Ended June 30, 2010

(Expressed in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating</u>	<u>Capital</u>
			<u>Grants and Contributions</u>	<u>Grants and Contributions</u>
Connecticut Development Authority	\$ 10,032	\$ 8,117	\$ -	\$ -
Connecticut Higher Education Supplemental Loan Authority	11,185	8,892	-	-
Connecticut Resources Recovery Authority	153,366	143,992	-	-
Connecticut Innovations, Incorporated	4,966	921	-	1,309
Capital City Economic Development Authority	34,718	15,518	6,185	-
UConn Foundation	36,769	12,279	-	-
Total Nonmajor Component Units	\$ 251,036	\$ 189,719	\$ 6,185	\$ 1,309

General Revenues:

Investment Income (Loss)
Contributions to Endowments
Total General Revenues and
Contributions
Change in Net Assets
Total Net Assets - Beginning
Total Net Assets - Ending

**Net (Expense) Revenue and
Changes in Net Assets**

Connecticut Development Authority	Connecticut Higher Education Supplemental Loan Authority	Connecticut Resources Recovery Authority	Connecticut Innovations, Incorporated	Capital City Economic Development Authority	UConn Foundation	Totals
\$ (1,915)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,915)
-	(2,293)	-	-	-	-	(2,293)
-	-	(9,374)	-	-	-	(9,374)
-	-	-	(2,736)	-	-	(2,736)
-	-	-	-	(13,015)	-	(13,015)
-	-	-	-	-	(24,490)	(24,490)
<u>(1,915)</u>	<u>(2,293)</u>	<u>(9,374)</u>	<u>(2,736)</u>	<u>(13,015)</u>	<u>(24,490)</u>	<u>(53,823)</u>
211	1,490	556	(2,388)	60	25,357	25,286
-	-	-	-	-	27,581	27,581
<u>211</u>	<u>1,490</u>	<u>556</u>	<u>(2,388)</u>	<u>60</u>	<u>52,938</u>	<u>52,867</u>
(1,704)	(803)	(8,818)	(5,124)	(12,955)	28,448	(956)
95,016	13,956	226,661	87,374	186,753	295,392	905,152
<u>\$ 93,312</u>	<u>\$ 13,153</u>	<u>\$ 217,843</u>	<u>\$ 82,250</u>	<u>\$ 173,798</u>	<u>\$ 323,840</u>	<u>\$ 904,196</u>

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Statistical Section

This part of the State of Connecticut's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

FINANCIAL TRENDS INFORMATION

These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.

Net Assets by Component	144
Changes in Net Assets	146
Fund Balances, Governmental Funds	148
Changes in Fund Balances, Governmental Funds	148

REVENUE CAPACITY INFORMATION

These schedules present revenue capacity information for the State's most significant revenue source, the personal income tax.

Personal Income by Industry	149
Personal Income Tax Rates	150
Personal Income Tax Filers and Liability by Income Level	150

DEBT CAPACITY INFORMATION

These schedules present information to assist the user in understanding and assessing a government's debt burden and its ability to issue additional debt.

Legal Debt Margin	151
Ratios of Outstanding Debt by Type	152
Ratios of Net General Bonded Debt	152
Pledged-Revenue Coverage	154

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to assist the reader in understanding the environment within which the State's financial activities take place and to help make comparisons over time and with other governments.

Population and Per Capita Personal Income	158
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Top Ten Employers	160

OPERATING INFORMATION

These schedules contain information about the State's operations and a resource to help the reader understand how the State's financial information relates to the activities it performs.

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Sources: Unless otherwise noted the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The State implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning that year.

Net Assets by Component

Last Nine Fiscal Years
(Expressed in Thousands)

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Governmental Activities:			
Invested in Capital Assets, Net of Related Debt	\$ 2,348,364	\$ 2,622,372	\$ 3,264,134
Restricted	1,231,415	1,233,992	1,686,089
Unrestricted	<u>(8,196,738)</u>	<u>(9,203,348)</u>	<u>(10,390,481)</u>
Total Governmental Activities Net Assets	<u>\$ (4,616,959)</u>	<u>\$ (5,346,984)</u>	<u>\$ (5,440,258)</u>
Business-Type Activities:			
Invested in Capital Assets, Net of Related Debt	\$ 1,847,526	\$ 2,092,633	\$ 2,209,541
Restricted	1,846,132	1,650,045	1,409,915
Unrestricted	<u>106,375</u>	<u>132,394</u>	<u>40,461</u>
Total Business-Type Activities Net Assets	<u>\$ 3,800,033</u>	<u>\$ 3,875,072</u>	<u>\$ 3,659,917</u>
Primary Government:			
Invested in Capital Assets, Net of Related Debt	\$ 4,195,890	\$ 4,715,005	\$ 5,473,675
Restricted	3,077,547	2,884,037	3,096,004
Unrestricted	<u>(8,090,363)</u>	<u>(9,070,954)</u>	<u>(10,350,020)</u>
Total Primary Government Net Assets	<u>\$ (816,926)</u>	<u>\$ (1,471,912)</u>	<u>\$ (1,780,341)</u>

Notes: The State did not begin reporting government-wide statements until implementing GASB Statement 34 in fiscal year 2002.

The governmental activities have a deficit in unrestricted net asset mainly because the State recognized in the Statement of Net Assets the following long-term obligations:

1. General obligation bonds which were issued to finance various grant programs of the State, such as school construction and municipal aid.
2. Other long-term obligations which the State has partially funded or not funded. For example, net pension obligation, compensated absences obligation, etc.

2005	2006	2007	2008	2009	2010
\$ 3,294,888	\$ 3,469,145	\$ 4,269,038	\$ 4,930,749	\$ 4,618,409	\$ 4,914,526
1,324,933	1,496,693	1,384,938	1,641,377	1,617,726	1,777,780
<u>(10,010,444)</u>	<u>(10,041,840)</u>	<u>(10,497,613)</u>	<u>(13,460,055)</u>	<u>(16,686,518)</u>	<u>(20,344,328)</u>
<u>\$ (5,390,623)</u>	<u>\$ (5,076,002)</u>	<u>\$ (4,843,637)</u>	<u>\$ (6,887,929)</u>	<u>\$ (10,450,383)</u>	<u>\$ (13,652,022)</u>
\$ 2,314,139	\$ 2,407,382	\$ 2,455,118	\$ 2,578,856	\$ 2,611,952	\$ 2,671,350
1,568,559	1,704,585	1,871,568	1,757,846	1,470,449	1,263,100
<u>115,901</u>	<u>179,171</u>	<u>274,411</u>	<u>347,778</u>	<u>421,551</u>	<u>350,193</u>
<u>\$ 3,998,599</u>	<u>\$ 4,291,138</u>	<u>\$ 4,601,097</u>	<u>\$ 4,684,480</u>	<u>\$ 4,503,952</u>	<u>\$ 4,284,643</u>
\$ 5,609,027	\$ 5,876,527	\$ 6,724,156	\$ 7,509,605	\$ 7,230,361	\$ 7,585,876
2,893,492	3,201,278	3,256,506	3,399,223	3,088,175	3,040,880
<u>(9,894,543)</u>	<u>(9,862,669)</u>	<u>(10,223,202)</u>	<u>(13,112,277)</u>	<u>(16,264,967)</u>	<u>(19,994,135)</u>
<u>\$ (1,392,024)</u>	<u>\$ (784,864)</u>	<u>\$ (242,540)</u>	<u>\$ (2,203,449)</u>	<u>\$ (5,946,431)</u>	<u>\$ (9,367,379)</u>

Changes in Net Assets

Last Nine Fiscal Years
(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Expenses									
Governmental Activities:									
Legislative	\$ 80,212	\$ 80,176	\$ 89,532	\$ 91,037	\$ 96,622	\$ 97,492	\$ 111,910	\$ 105,959	\$ 105,777
General Government	1,339,982	1,145,613	1,100,700	1,288,231	1,352,908	1,731,215	1,737,917	1,815,805	1,566,680
Regulation and Protection	627,352	574,674	590,377	633,466	712,061	702,467	788,419	800,334	795,602
Conservation and Development	434,356	410,167	448,077	424,125	396,296	429,057	473,797	585,295	548,903
Health and Hospital	1,664,152	1,711,076	1,683,465	1,801,346	1,922,583	2,003,994	2,298,272	2,376,451	2,442,886
Transportation	1,366,108	941,257	1,153,888	1,183,961	1,090,504	1,150,770	1,482,250	1,640,480	1,739,689
Human Services	3,882,711	4,138,932	4,630,154	4,535,915	4,941,454	4,828,418	5,743,810	6,483,338	6,829,881
Education, Libraries, and Museums	3,000,315	3,090,630	3,174,305	3,408,288	3,888,711	4,008,903	4,749,284	4,789,856	4,920,319
Corrections	1,355,142	1,450,392	1,579,043	1,675,965	1,768,368	1,836,147	2,085,053	2,155,210	2,081,863
Judicial	538,368	555,791	546,163	649,666	654,894	694,442	806,309	826,931	827,758
Interest and Fiscal Charges	592,490	595,949	577,448	612,115	619,730	635,113	733,791	810,403	792,950
Total Governmental Activities Expenses	14,881,188	14,694,657	15,573,152	16,304,115	17,444,131	18,118,018	21,010,812	22,390,062	22,652,308
Business-Type Activities:									
Higher Education	1,869,875	1,977,886	-	-	-	-	-	-	-
University of Connecticut and Health Center	-	-	1,254,402	1,386,327	1,464,055	1,519,026	1,626,532	1,725,343	1,703,104
State Universities	-	-	469,712	506,993	536,026	571,006	610,851	639,397	649,630
Bradley International Airport	50,455	54,323	59,338	61,559	62,625	67,244	67,635	67,995	69,471
CT Lottery Corporation	672,118	643,214	656,716	691,163	709,591	698,628	731,851	723,249	723,572
Employment Security	736,261	963,201	811,483	580,549	572,602	585,803	631,935	1,573,806	2,700,797
Second Injury and Compensation Assurance	61,235	-	-	-	-	-	-	-	-
Clean Water	30,903	29,435	24,759	27,740	26,076	30,183	27,181	30,723	52,761
Other	19,186	72,633	361,367	405,423	419,074	432,129	476,040	511,542	526,974
Total Business-Type Activities Expenses	3,440,033	3,740,692	3,637,777	3,659,754	3,790,049	3,904,019	4,172,025	5,272,055	6,426,309
Total Primary Government Expenses	\$ 18,321,221	\$ 18,435,349	\$ 19,210,929	\$ 19,963,869	\$ 21,234,180	\$ 22,022,037	\$ 25,182,837	\$ 27,662,117	\$ 29,078,617
Program Revenues									
Governmental Activities:									
Charges for Services, Fees, Fines, and Forfeitures	\$ 942,871	\$ 1,072,932	\$ 1,253,672	\$ 1,316,668	\$ 1,379,061	\$ 1,317,480	\$ 1,447,573	\$ 1,490,271	\$ 1,522,375
Operating Grants and Contributions	3,320,099	3,489,213	3,850,132	3,809,577	4,034,673	3,974,468	4,271,504	5,552,688	6,113,086
Capital Grants and Contributions	509,112	562,613	543,805	335,256	541,875	411,516	442,310	646,416	765,837
Total Governmental Activities Program Revenues	4,772,082	5,124,758	5,647,609	5,461,501	5,955,609	5,703,464	6,161,387	7,689,375	8,401,298
Business-Type Activities:									
Charges for Services, Fees, Fines, and Forfeitures	2,409,648	2,594,766	2,935,955	2,863,023	2,900,105	2,919,722	2,999,934	3,107,849	3,223,148
Operating Grants and Contributions	447,706	456,239	227,674	262,015	277,357	296,851	322,936	907,050	1,885,115
Capital Grants and Contributions	37,837	10,195	9,339	86,684	80,082	13,735	35,922	63,757	17,536
Total Business-Type Activities Program Revenues	2,895,191	3,061,200	3,172,968	3,211,722	3,257,544	3,230,308	3,358,792	4,078,656	5,125,799
Total Primary Government Program Revenues	\$ 7,667,273	\$ 8,185,958	\$ 8,820,577	\$ 8,673,223	\$ 9,213,153	\$ 8,933,772	\$ 9,520,179	\$ 11,768,031	\$ 13,527,097
Net (Expense)/Revenue									
Governmental Activities	\$ (10,109,106)	\$ (9,569,899)	\$ (9,925,543)	\$ (10,842,614)	\$ (11,488,522)	\$ (12,414,554)	\$ (14,849,425)	\$ (14,700,687)	\$ (14,251,010)
Business-Type Activities	(544,842)	(679,492)	(464,809)	(448,032)	(532,505)	(673,711)	(813,233)	(1,193,399)	(1,300,510)
Total Primary Government Net Expense	\$ (10,653,948)	\$ (10,249,391)	\$ (10,390,352)	\$ (11,290,646)	\$ (12,021,027)	\$ (13,088,265)	\$ (15,662,658)	\$ (15,894,086)	\$ (15,551,520)

Connecticut

	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Taxes:									
Personal Income	\$ 3,680,434	\$ 3,593,080	\$ 4,392,403	\$ 4,983,163	\$ 5,625,882	\$ 6,270,806	\$ 6,588,233	\$ 5,657,309	\$ 5,773,609
Corporate Income	197,245	390,012	473,505	538,834	655,607	831,688	548,539	437,444	465,980
Sales and Use	2,933,268	2,938,341	3,061,423	3,278,902	3,382,118	3,509,164	3,537,911	3,301,096	3,150,203
Other	948,369	1,208,083	1,274,149	1,487,321	1,608,235	1,513,855	1,544,801	1,407,084	1,455,628
Restricted for Transportation Purposes:									-
Motor Fuel	424,037	450,696	470,001	482,476	515,013	609,427	487,568	492,566	494,222
Other	109,272	64,524	70,411	69,720	68,418	67,888	192,663	196,034	209,684
Casino Gaming Payments	368,954	387,255	402,733	417,838	427,527	430,476	411,411	377,805	384,248
Tobacco Settlement	139,968	137,915	116,578	118,321	108,619	113,691	141,348	153,819	128,977
Unrestricted Investment Earnings	84,684	54,741	18,350	69,332	104,911	165,472	131,915	42,493	27,681
Other	-	15,855	-	-	-	-	-	-	-
Special Items:									
Statutory Payment from Component Units	-	100,000	17,500	15,000	-	-	-	13,150	-
Other	-	127,256	(174,760)	(165,412)	-	-	-	-	21,000
Transfers-Internal Activities	(657,037)	(640,268)	(417,062)	(692,499)	(711,657)	(865,548)	(779,256)	(873,590)	(1,061,862)
Total Governmental Activities	8,229,194	8,827,490	9,705,231	10,602,996	11,784,673	12,646,919	12,805,133	11,205,210	11,049,370
Business-Type Activities									
Unrestricted Investment Earnings	89,388	111,336	90,486	93,879	113,387	129,317	117,360	75,933	40,339
Special Items:									
Loss on Disposal of Capital Assets	(4,499)	-	(4,190)	-	-	-	-	-	-
Other	-	(2,455)	-	-	-	-	-	-	(21,000)
Extraordinary Item-Loss on Early Retirement of	-	(4,010)	(1,983)	-	-	-	-	-	-
Debt Reduction Transfer	-	-	-	-	-	-	-	85,000	-
Transfers-Internal Activities	657,037	640,268	417,062	498,499	711,657	865,548	779,256	873,590	1,061,862
Total Business-Type Activities	741,926	745,139	501,375	592,378	825,044	994,865	896,616	1,034,523	1,081,201
Total Primary Government	\$ 8,971,120	\$ 9,572,629	\$ 10,206,606	\$ 11,195,374	\$ 12,609,717	\$ 13,641,784	\$ 13,701,749	\$ 12,239,733	\$ 12,130,571
Changes in Net Assets									
Governmental Activities	\$ (1,879,912)	\$ (742,409)	\$ (220,312)	\$ (239,618)	\$ 296,151	\$ 232,365	\$ (2,044,292)	\$ (3,495,477)	\$ (3,201,640)
Business-Type Activities	197,084	65,647	36,566	144,346	292,539	321,154	83,383	(158,876)	(219,309)
Total Primary Government	\$ (1,682,828)	\$ (676,762)	\$ (183,746)	\$ (95,272)	\$ 588,690	\$ 553,519	\$ (1,960,909)	\$ (3,654,353)	\$ (3,420,949)
Other Changes in Net Assets									
Governmental Activities:									
Prior-Year Adjustments	\$ -	\$ 12,384	\$ 100,104	\$ 289,253	\$ 18,470	\$ -	\$ -	\$ (66,976)	\$ (881,193)
Fund Reclassification	-	-	26,934	-	-	-	-	-	-
Total Governmental Activities	-	12,384	127,038	289,253	18,470	-	-	(66,976)	(881,193)
Business-Type Activities:									
Prior-Year Adjustments	-	9,392	(9,750)	-	-	11,195	-	(21,652)	-
Fund Reclassification	-	-	(241,971)	-	-	-	-	-	-
Change in Reporting Period	-	-	-	194,336	-	-	-	-	-
Total Business-Type Activities	-	9,392	(251,721)	194,336	-	11,195	-	(21,652)	-
Total Primary Government	\$ -	\$ 21,776	\$ (124,683)	\$ 483,589	\$ 18,470	\$ 11,195	\$ -	\$ (88,628)	\$ (881,193)

Notes: The State did not begin reporting government-wide statements until it implemented GASB Statement 34 in fiscal year 2002.

In January 2003 there was an increase in the personal income tax rate of one half percent.

In fiscal year 2004 the Higher Education line was reclassified to display more details about these activities.

Other changes in net assets are direct adjustments to the beginning balance of net assets (See Note 21).

Fund Balances, Governmental Funds

Last Nine Fiscal Years
(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund									
Reserved	\$ 509,096	\$ 440,819	\$ 720,581	\$ 1,434,544	\$ 1,917,260	\$ 2,326,082	\$ 2,052,521	\$ 1,503,851	\$ 696,149
Unreserved	(944,022)	(842,318)	(900,171)	(1,037,651)	(1,058,714)	(994,314)	(1,149,231)	(2,303,429)	(1,678,971)
Total General Fund	\$ (434,926)	\$ (401,499)	\$ (179,590)	\$ 396,893	\$ 858,546	\$ 1,331,768	\$ 903,290	\$ (799,578)	\$ (982,822)
All Other Governmental Funds									
Reserved	\$ 1,209,556	\$ 1,177,121	\$ 1,296,214	\$ 1,250,708	\$ 1,323,595	\$ 1,374,180	\$ 1,711,007	\$ 1,647,404	\$ 1,728,125
Unreserved									
Transportation Fund	178,620	125,330	119,203	123,209	128,762	189,630	160,745	89,998	94,074
Special Revenue Funds	595,158	443,507	512,106	535,689	533,857	539,357	502,679	247,763	352,525
Capital Projects Funds	(90,862)	146,984	221,849	168,105	264,513	(171,645)	(156,937)	181,139	229,037
Total All Other Governmental Funds	\$ 1,892,472	\$ 1,892,942	\$ 2,149,372	\$ 2,077,711	\$ 2,250,727	\$ 1,931,522	\$ 2,217,494	\$ 2,166,304	\$ 2,403,761

Note: Due to changes in the State's fund structure initiated when GASB 34 was implemented, the changes in fund balance information is available beginning in FY 2002.

Changes in Fund Balances, Governmental Funds

Last Eight Fiscal Years
(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues									
Taxes	\$ 8,278,340	\$ 8,727,502	\$ 9,742,801	\$ 10,830,226	\$ 11,836,809	\$ 12,742,807	\$ 13,014,886	\$ 11,416,766	\$ 11,594,568
Assessments	-	-	25,827	17,968	21,555	22,841	21,457	28,129	27,268
Licenses, Permits and Fees	551,369	524,998	515,049	530,148	536,468	531,636	550,025	546,871	611,535
Tobacco Settlement	139,968	137,915	116,578	118,321	108,619	113,691	141,347	153,819	128,977
Federal Grants and Aid	3,837,393	4,028,640	4,383,498	4,117,007	4,578,381	4,405,160	4,717,846	6,017,660	6,926,397
Charges for Services	61,047	92,922	98,225	95,683	108,797	101,270	100,143	101,500	98,617
Fines, Forfeits and Rents	71,039	99,909	138,619	189,525	107,115	37,183	73,444	32,841	86,520
Casino Gaming Payments	368,954	387,255	402,733	417,838	427,527	430,476	411,410	377,805	384,248
Investment Earnings	78,074	50,959	27,531	69,342	102,694	165,902	132,490	43,287	27,841
Miscellaneous	292,742	363,471	456,841	470,567	593,629	658,074	693,292	790,010	704,145
Total Revenues	13,678,926	14,413,571	15,907,702	16,856,625	18,421,594	19,209,040	19,856,340	19,508,688	20,590,116
Expenditures									
Legislative	76,595	77,307	84,272	86,006	91,733	97,383	104,160	102,088	98,336
General Government	1,326,900	1,115,263	1,056,469	1,167,476	1,305,571	1,722,376	1,626,024	1,707,309	1,437,645
Regulation and Protection	607,074	558,710	559,219	602,472	686,747	699,927	735,875	750,473	734,718
Conservation and Development	428,254	402,655	432,590	407,547	384,063	428,251	442,519	510,887	504,250
Health and Hospital	1,652,838	1,686,699	1,642,797	1,761,561	1,889,242	1,990,506	2,154,248	2,222,497	2,215,141
Transportation	576,857	537,797	527,326	573,035	648,628	1,010,056	1,190,650	1,268,269	1,440,072
Human Services	3,866,970	4,089,089	4,538,769	4,454,092	4,877,611	4,791,635	5,390,379	6,059,858	6,175,132
Education, Libraries, and Museums	2,981,859	3,042,345	3,091,136	3,324,865	3,813,549	3,982,868	6,307,070	4,401,423	4,379,875
Corrections	1,334,427	1,422,713	1,525,804	1,621,273	1,723,591	1,829,048	1,949,342	2,010,977	1,903,466
Judicial	532,774	546,154	532,784	627,602	648,274	692,392	754,223	775,711	762,290
Capital Projects	1,030,628	871,029	780,194	707,023	671,124	304,964	341,148	438,724	435,288
Debt Service:									
Principal	824,825	904,658	965,313	1,051,308	1,102,770	1,231,376	1,153,553	1,166,282	1,238,055
Interest	599,795	613,181	647,797	644,563	670,385	709,740	810,297	918,633	935,878
Total Expenditures	15,839,796	15,867,600	16,384,470	17,028,823	18,513,288	19,490,522	22,959,488	22,333,131	22,260,146
Revenues Over (Under) Expenditures	(2,160,870)	(1,454,029)	(476,768)	(172,198)	(91,694)	(281,482)	(3,103,148)	(2,824,443)	(1,670,030)
Other Financing Sources (Uses) and Special Items									
Bonds Issued	1,621,001	1,804,145	1,395,545	1,278,110	1,362,145	1,253,345	3,688,623	1,863,600	2,617,910
Premiums on Bonds Issued	131,016	124,606	269,058	93,014	55,244	86,759	69,779	110,560	189,469
Transfers In	1,105,265	1,282,163	1,679,858	1,034,799	1,036,654	1,097,874	1,211,444	1,323,765	1,057,674
Transfers Out	(1,763,439)	(1,796,544)	(2,098,625)	(1,729,854)	(1,750,539)	(1,965,914)	(1,993,489)	(2,192,545)	(2,122,891)
Refunding Bonds Issued	1,121,670	745,669	1,961,040	447,013	61,020	527,730	231,085	586,940	344,105
Payment to Refunded Bond Escrow Agent	(1,204,925)	(776,597)	(2,146,469)	(484,379)	(65,473)	(561,269)	(241,560)	(590,397)	(379,015)
Capital Lease Obligations	6,989	1,077	-	27,628	-	117	437	-	-
Special Items:									
Transfer of Loans to Component Unit	-	-	(204,117)	-	-	-	-	-	-
Statutory Payment from Component Units	-	100,000	17,500	15,000	-	-	-	13,150	-
Other	-	-	29,357	-	-	-	-	-	26,099
Total Other Financing Sources (Uses) and Special Items	1,017,577	1,484,519	903,147	681,331	699,051	438,642	2,966,319	1,115,073	1,733,351
Net Change in Fund Balances	\$ (1,143,293)	\$ 30,490	\$ 426,379	\$ 509,133	\$ 607,357	\$ 157,160	\$ (136,829)	\$ (1,709,370)	\$ 63,321
Debt Service as a Percentage of Noncapital Expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Due to changes in the State's fund structure initiated when GASB 34 was implemented, the changes in fund balance information is available beginning in FY 2002.

Personal Income by Industry

Last Eight Calendar Years

(Expressed in Thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Farm Earnings	\$ 169,384	\$ 163,186	\$ 181,512	\$ 179,546	\$ 132,701	\$ 135,635	\$ 188,000	\$ 180,000	\$ 176,000
Agricultural Services, Forestry, Fishing	53,215	47,990	45,653	43,390	48,463	47,947	51,000	50,000	55,000
Mining	132,885	142,415	183,161	210,433	239,725	241,968	177,000	213,000	227,000
Construction	5,949,891	5,883,794	6,702,149	7,221,766	8,279,075	8,318,690	8,264,000	7,716,000	7,633,000
Durable Goods	11,755,698	11,794,810	12,388,008	12,909,198	13,269,852	13,710,583	13,179,000	12,039,000	12,518,000
Nondurable Goods	5,085,994	5,093,473	5,360,660	5,495,647	5,718,664	5,626,388	4,445,000	4,144,000	4,186,000
Wholesale Trade	5,420,568	5,515,096	5,819,416	6,199,684	6,637,800	6,869,412	7,016,000	6,464,000	6,636,000
Retail Trade	7,295,378	7,349,016	7,533,969	7,696,592	7,938,639	8,061,698	8,149,000	7,877,000	8,055,000
Transportation and Public Utilities	3,063,712	3,323,358	3,639,012	3,664,577	2,631,548	2,837,925	2,996,000	2,587,000	2,738,000
Services	59,658,975	59,358,363	65,546,050	69,407,977	72,920,312	77,525,040	79,229,000	75,901,000	78,052,000
Federal, Civilian	1,555,257	1,556,662	1,685,192	1,651,650	1,731,848	1,760,774	1,762,000	1,904,000	1,926,000
Military	684,388	785,349	842,406	882,223	932,364	921,195	978,000	1,076,000	1,115,000
State and Local	11,714,486	11,852,667	12,467,586	13,126,266	13,846,143	15,044,395	15,815,000	18,150,000	17,703,000
Other ¹	34,457,608	36,109,211	36,501,189	38,118,358	43,670,025	51,468,018	54,757,000	56,466,000	58,363,000
Total Personal Income	<u>\$ 146,997,439</u>	<u>\$ 148,975,390</u>	<u>\$ 158,895,963</u>	<u>\$ 166,807,307</u>	<u>\$ 177,997,159</u>	<u>\$ 192,569,668</u>	<u>\$ 197,006,000</u>	<u>\$ 194,767,000</u>	<u>\$ 199,383,000</u>
Average Effective Rate ²	2.50%	2.48%	2.97%	3.17%	3.34%	3.46%	3.45%	2.70%	2.83%

Notes: Fiscal year 2010 amounts are based on third quarter estimates.

¹Includes dividends, interest, rental income, residence adjustments, government transfers to individuals, and deductions for insurance.

²Total direct rate for personal income is not available. Average effective rate equals fiscal year net tax collections divided by prior-year total personal income.

Sources: U. S. Bureau of Economic Analysis and Department of Revenue Services

Personal Income Tax Rates

Last Eight Calendar Years
(Expressed in Thousands)

<u>Year</u>	<u>Top Rate</u>	Top Income Tax Rates is Applied to Taxable Income in Excess of			<u>Average Effective Rate</u>
		<u>Single/ Married Filing Separate</u>	<u>Married Filing Jointly</u>	<u>Head of Household</u>	
2002	4.50%	\$10,000	\$20,000	\$16,000	2.50%
2003	5.00%	\$10,000	\$20,000	\$16,000	2.48%
2004	5.00%	\$10,000	\$20,000	\$16,000	2.97%
2005	5.00%	\$10,000	\$20,000	\$16,000	3.17%
2006	5.00%	\$10,000	\$20,000	\$16,000	3.34%
2007	5.00%	\$10,000	\$20,000	\$16,000	3.46%
2008	5.00%	\$10,000	\$20,000	\$16,000	3.45%
2009	5.00%	\$10,000	\$20,000	\$16,000	2.70%
2010	5.00%	\$10,000	\$20,000	\$16,000	2.83%

Notes: Taxable income equal to or less than amounts listed above is taxed at a rate of 3%.

Average effective rate equals fiscal year net tax collections divided by prior-year total personal income.

Sources: U. S. Bureau of Economic Analysis and Department of Revenue Services

Personal Income Tax Filers and Liability by Income Level, Calendar Years 2002 and 2008

(Expressed in Thousands)

<u>Income Level</u>	Calendar Year 2002				Calendar Year 2008			
	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Personal Income Tax Liability</u>	<u>Percentage of Total</u>
\$50,000 and under	810,902	58.1%	\$ 216,127,745	7.6%	803,335	53.3%	\$ 347,549,146	5.6%
\$50,001 - \$100,000	373,002	26.7%	765,850,088	26.8%	390,838	25.9%	1,146,533,359	18.6%
\$100,001-\$200,000	152,952	11.0%	746,506,146	26.1%	222,476	14.8%	1,418,468,087	23.0%
\$200,001-\$500,000	43,707	3.1%	452,609,898	15.8%	67,610	4.5%	956,069,589	15.5%
\$500,001-\$2,000,000	12,202	0.9%	330,851,853	11.6%	19,682	1.3%	856,824,330	13.9%
\$2,000,000 and up	1,971	0.2%	347,553,185	12.2%	3,953	0.3%	1,443,375,187	23.4%
Total	1,394,736	100.0%	\$ 2,859,498,915	100.0%	1,507,894	100.0%	\$ 6,168,819,698	100.0%

Note: Due to confidentiality issues, the names of the ten largest tax payers are not available.

The categories presented are intended to provide alternative information regarding the sources of the State's tax revenue. Calendar Year 2008 is the most recent year for which the data is available.

Source: Department of Revenue Services

Legal Debt Margin Information

Last Eight Fiscal Years

(Expressed in Thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Estimated General Fund Tax Receipts	\$ 8,147,500	\$ 8,624,000	\$ 9,441,100	\$ 10,455,400	\$ 11,250,700	\$ 12,453,200	\$ 12,971,100	\$ 10,927,600
Statutory Multiplier	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>	<u>1.6</u>
Statutory Debt Limit for Debt Incurred	13,036,000	13,798,400	15,105,760	16,728,640	18,001,120	19,925,120	20,753,760	17,484,160
Less: Authorized Bonds, Notes, and Other Obligations Subject to Certain Limitations	<u>11,724,239</u>	<u>12,233,029</u>	<u>12,486,174</u>	<u>12,938,435</u>	<u>13,481,602</u>	<u>14,266,573</u>	<u>14,876,927</u>	<u>15,110,495</u>
Legal Debt Margin	<u>\$ 1,311,761</u>	<u>\$ 1,565,371</u>	<u>\$ 2,619,586</u>	<u>\$ 3,790,205</u>	<u>\$ 4,519,518</u>	<u>\$ 5,658,547</u>	<u>\$ 5,876,833</u>	<u>\$ 2,373,665</u>
Legal Debt Margin as a percentage of the debt limit	<u>10.06%</u>	<u>11.34%</u>	<u>17.34%</u>	<u>22.66%</u>	<u>25.11%</u>	<u>28.40%</u>	<u>28.32%</u>	<u>13.58%</u>
Date Calculation was made	11/1/02	12/16/03	1/1/05	12/16/05	2/1/07	2/1/08	2/1/09	2/1/10

Source: State of Connecticut General Obligation Bonds Offering Statement dated June 10, 2010.

Ratios of Outstanding Debt by Type

Last Seven Fiscal Years
(Expressed in Thousands)

	2003	2004	2005
Governmental Activities			
General Obligation Bonds	\$ 9,216,354	\$ 9,606,611	\$ 9,905,242
Transportation Obligation Bonds	3,205,815	3,153,949	3,113,875
Long-Term Notes	219,235	273,215	209,560
Capital Leases	67,988	53,761	76,955
Total Governmental Activities	<u>12,709,392</u>	<u>13,087,536</u>	<u>13,305,632</u>
Business-Type Activities			
Revenue Bonds	1,555,161	1,713,805	1,619,658
Total Business-Type Activities	<u>1,555,161</u>	<u>1,713,805</u>	<u>1,619,658</u>
Total Primary Government	<u>\$ 14,264,553</u>	<u>\$ 14,801,341</u>	<u>\$ 14,925,290</u>
Debt as a Percentage of Personal Income	9.58%	9.32%	8.95%
Amount of Debt Per Capita	\$4,092	\$4,230	\$4,252

Notes: Details regarding the State's debt can be found in Note 18 of the financial statements.

In 2002 the State began issuing government-wide statements in accordance with GASB Statement 34.

Ratios of Net General Bonded Debt Outstanding

Last Seven Fiscal Years
(Expressed in Thousands)

	2003	2004	2005
General Obligation Bonds	\$ 9,216,354	\$ 9,606,611	\$ 9,905,242
Transportation Obligation Bonds	3,205,815	3,153,949	3,113,875
Debt Service Fund Balance	(622,083)	(635,679)	(677,555)
Net General Obligation Bonded Debt	<u>\$ 11,800,086</u>	<u>\$ 12,124,881</u>	<u>\$ 12,341,562</u>
Net General Obligation Debt as a Percentage of Personal Income	7.92%	7.63%	7.40%
Amount of Net GO Debt Per Capita	\$3,385	\$3,465	\$3,516

Notes: Details regarding the State's debt can be found in Note 18 of the financial statements.

In 2002 the State began issuing government-wide statements in accordance with GASB Statement 34.

2006	2007	2008	2009	2010
\$ 10,211,493	\$ 10,596,581	\$ 13,092,570	\$ 13,443,525	\$ 13,592,708
3,094,001	2,822,585	2,790,682	2,817,015	3,030,485
146,090	-	-	228,160	1,143,955
60,491	56,244	51,748	47,129	41,702
<u>13,512,075</u>	<u>13,475,410</u>	<u>15,935,000</u>	<u>16,535,829</u>	<u>17,808,850</u>
<u>1,523,130</u>	<u>1,577,723</u>	<u>1,358,084</u>	<u>1,601,797</u>	<u>1,498,380</u>
<u>1,523,130</u>	<u>1,577,723</u>	<u>1,358,084</u>	<u>1,601,797</u>	<u>1,498,380</u>
<u>\$ 15,035,205</u>	<u>\$ 15,053,133</u>	<u>\$ 17,293,084</u>	<u>\$ 18,137,626</u>	<u>\$ 19,307,230</u>
8.45%	7.82%	8.78%	9.31%	9.68%
\$4,290	\$4,357	\$5,077	\$5,181	\$5,402

2006	2007	2008	2009	2010
\$ 10,211,493	\$ 10,596,581	\$ 13,092,570	\$ 13,443,525	\$ 13,592,708
3,094,001	2,822,585	2,790,682	2,817,015	3,030,485
(674,630)	(676,894)	(683,636)	(679,384)	(687,752)
<u>\$ 12,630,864</u>	<u>\$ 12,742,272</u>	<u>\$ 15,199,616</u>	<u>\$ 15,581,156</u>	<u>\$ 15,935,441</u>
7.10%	6.62%	7.72%	8.00%	7.99%
\$3,604	\$3,688	\$4,463	\$4,450	\$4,459

Pledged-Revenue Coverage

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
University of Connecticut and Health Center²					
Gross Revenues	\$ -	\$ -	\$ -	\$ -	\$ 1,311,797
Operating Expenses	-	-	-	-	1,154,520
Net Available Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,277</u>
Debt Service:					
Principal	\$ -	\$ -	\$ -	\$ -	\$ 50,810
Interest	-	-	-	-	10,198
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,008</u>
Coverage	-	-	-	-	2.58
State Universities²					
Gross Revenues	\$ -	\$ -	\$ -	\$ -	\$ 526,083
Operating Expenses	-	-	-	-	432,163
Net Available Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 93,920</u>
Debt Service:					
Principal	\$ -	\$ -	\$ -	\$ -	\$ 68,312
Interest	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,312</u>
Coverage	-	-	-	-	1.37
Bradley International Airport					
Gross Revenues	\$ 55,888	\$ 53,364	\$ 54,712	\$ 56,286	\$ 54,862
Operating Expenses	21,815	24,688	27,838	31,254	29,464
Net Available Revenues	<u>\$ 34,073</u>	<u>\$ 28,676</u>	<u>\$ 26,874</u>	<u>\$ 25,032</u>	<u>\$ 25,398</u>
Debt Service:					
Principal	\$ 3,480	\$ 6,785	\$ 3,860	\$ 5,775	\$ 6,140
Interest	6,084	8,291	11,609	10,156	13,397
Total	<u>\$ 9,564</u>	<u>\$ 15,076</u>	<u>\$ 15,469</u>	<u>\$ 15,931</u>	<u>\$ 19,537</u>
Coverage	3.56	1.90	1.74	1.57	1.30
Clean Water					
Gross Revenues	\$ 48,285	\$ 57,219	\$ 48,471	\$ 50,566	\$ 37,338
Operating Expenses	1,133	1,320	986	804	604
Net Available Revenues	<u>\$ 47,152</u>	<u>\$ 55,899</u>	<u>\$ 47,485</u>	<u>\$ 49,762</u>	<u>\$ 36,734</u>
Debt Service:					
Principal	\$ 22,630	\$ 24,915	\$ 31,040	\$ 27,050	\$ 36,723
Interest	29,607	28,179	29,917	28,631	24,155
Total	<u>\$ 52,237</u>	<u>\$ 53,094</u>	<u>\$ 60,957</u>	<u>\$ 55,681</u>	<u>\$ 60,878</u>
Coverage	0.90	1.05	0.78	0.89	0.60
Second Injury & Compensation Assurance¹					
Gross Revenues	\$ 86,946	\$ 106,629	\$ 112,608	\$ 96,107	\$ 99,687
Operating Expenses	66,843	62,375	50,654	48,100	44,793
Net Available Revenues	<u>\$ 20,103</u>	<u>\$ 44,254</u>	<u>\$ 61,954</u>	<u>\$ 48,007</u>	<u>\$ 54,894</u>
Debt Service:					
Principal	\$ 30,100	\$ 136,630	\$ 50,830	\$ 42,890	\$ 56,875
Interest	10,646	12,642	10,581	7,455	5,274
Total	<u>\$ 40,746</u>	<u>\$ 149,272</u>	<u>\$ 61,411</u>	<u>\$ 50,345</u>	<u>\$ 62,149</u>
Coverage	0.49	0.30	1.01	0.95	0.88

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 1,408,197	\$ 1,476,058	\$ 1,578,763	\$ 1,577,646	\$ 1,806,256	\$ 1,786,129
<u>1,270,111</u>	<u>1,327,713</u>	<u>1,388,753</u>	<u>1,482,749</u>	<u>1,592,289</u>	<u>1,569,966</u>
<u>\$ 138,086</u>	<u>\$ 148,345</u>	<u>\$ 190,010</u>	<u>\$ 94,897</u>	<u>\$ 213,967</u>	<u>\$ 216,163</u>
\$ 57,660	\$ 61,964	\$ 69,921	\$ 74,846	\$ 76,148	\$ 79,655
<u>11,158</u>	<u>13,032</u>	<u>15,901</u>	<u>15,897</u>	<u>52,307</u>	<u>53,523</u>
<u>\$ 68,818</u>	<u>\$ 74,996</u>	<u>\$ 85,822</u>	<u>\$ 90,743</u>	<u>\$ 128,455</u>	<u>\$ 133,178</u>
2.01	1.98	2.21	1.05	1.67	1.62
\$ 529,180	\$ 549,800	\$ 580,879	\$ 631,477	\$ 629,832	\$ 669,388
<u>464,940</u>	<u>496,923</u>	<u>529,744</u>	<u>568,197</u>	<u>589,022</u>	<u>599,792</u>
<u>\$ 64,240</u>	<u>\$ 52,877</u>	<u>\$ 51,135</u>	<u>\$ 63,280</u>	<u>\$ 40,810</u>	<u>\$ 69,596</u>
\$ 63,673	\$ 16,294	\$ 79,813	\$ 18,669	\$ 19,163	\$ 18,976
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 63,673</u>	<u>\$ 16,294</u>	<u>\$ 79,813</u>	<u>\$ 18,669</u>	<u>\$ 19,163</u>	<u>\$ 18,976</u>
1.01	3.25	0.64	3.39	2.13	3.67
\$ 60,618	\$ 60,740	\$ 63,314	\$ 64,576	\$ 57,027	\$ 56,517
<u>32,649</u>	<u>33,871</u>	<u>38,636</u>	<u>39,692</u>	<u>40,342</u>	<u>38,445</u>
<u>\$ 27,969</u>	<u>\$ 26,869</u>	<u>\$ 24,678</u>	<u>\$ 24,884</u>	<u>\$ 16,685</u>	<u>\$ 18,072</u>
\$ 8,780	\$ 10,140	\$ 8,430	\$ 9,410	\$ 9,605	\$ 10,145
<u>11,357</u>	<u>11,151</u>	<u>10,684</u>	<u>10,257</u>	<u>10,259</u>	<u>9,789</u>
<u>\$ 20,137</u>	<u>\$ 21,291</u>	<u>\$ 19,114</u>	<u>\$ 19,667</u>	<u>\$ 19,864</u>	<u>\$ 19,934</u>
1.39	1.26	1.29	1.27	0.84	0.91
\$ 47,439	\$ 54,295	\$ 55,955	\$ 50,557	\$ 52,232	\$ 64,648
<u>755</u>	<u>856</u>	<u>747</u>	<u>564</u>	<u>465</u>	<u>8,502</u>
<u>\$ 46,684</u>	<u>\$ 53,439</u>	<u>\$ 55,208</u>	<u>\$ 49,993</u>	<u>\$ 51,767</u>	<u>\$ 56,146</u>
\$ 38,207	\$ 34,386	\$ 62,192	\$ 42,520	\$ 46,897	\$ 53,745
<u>26,985</u>	<u>25,220</u>	<u>29,436</u>	<u>22,048</u>	<u>23,635</u>	<u>37,113</u>
<u>\$ 65,192</u>	<u>\$ 59,606</u>	<u>\$ 91,628</u>	<u>\$ 64,568</u>	<u>\$ 70,532</u>	<u>\$ 90,858</u>
0.72	0.90	0.60	0.77	0.73	0.62
\$ 96,918	\$ -	\$ -	\$ -	\$ -	\$ -
<u>55,821</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 41,097</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 54,255	\$ -	\$ -	\$ -	\$ -	\$ -
<u>2,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 56,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
0.72	-	-	-	-	-

Pledged-Revenue Coverage

Last Ten Fiscal Years

(Expressed in Thousands)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Bradley Parking Garage¹				
Gross Revenues	\$ -	\$ -	\$ 17,498	\$ 20,474
Operating Expenses	-	-	11,691	9,169
Net Available Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,807</u>	<u>\$ 11,305</u>
Debt Service:				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	-	-	3,575	3,582
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,575</u>	<u>\$ 3,582</u>
Coverage	-	-	1.62	3.16
Drinking Water¹				
Gross Revenues	\$ -	\$ 13,637	\$ 9,366	\$ 18,888
Operating Expenses	-	1,189	1,541	1,946
Net Available Revenues	<u>\$ -</u>	<u>\$ 12,448</u>	<u>\$ 7,825</u>	<u>\$ 16,942</u>
Debt Service:				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	-	115	1,375	1,375
Total	<u>\$ -</u>	<u>\$ 115</u>	<u>\$ 1,375</u>	<u>\$ 1,375</u>
Coverage	-	108.24	5.69	12.32
Rate Reduction Bonds¹				
Gross Revenues	\$ -	\$ -	\$ -	\$ -
Operating Expenses	-	-	-	-
Net Available Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Debt Service:				
Principal	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Coverage	-	-	-	-

Notes: Gross revenues include nonoperating revenue. Operating expenses include nonoperating expenses and exclude depreciation and interest expenses. Revenues for Higher Education funds include transfers in. Revenues for Clean Water and Drinking Water bonds include federal grants.

¹ Second Injury bonds were liquidated in fiscal year 2005. Bradley Parking Garage bonds were issued in fiscal year 2000. These bonds were reported as part of Bradley International Airport for fiscal years 2000 and 2001. Drinking Water Bonds were issued in fiscal year 2001 while Rate Reduction Bonds were issued in fiscal year 2005 and retired in fiscal year 2010..

² Starting in fiscal year 2004, the University of Connecticut and Health Center, the State Universities, and the Technical/Community Colleges funds were reported as separate Enterprise funds. In prior years, these funds were reported in the Higher Education fund, an Enterprise fund.

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 22,068	\$ 23,351	\$ 24,651	\$ 23,168	\$ 22,984	\$ 20,375	\$ 18,792
7,077	7,971	10,467	8,522	8,968	9,039	8,776
<u>\$ 14,991</u>	<u>\$ 15,380</u>	<u>\$ 14,184</u>	<u>\$ 14,646</u>	<u>\$ 14,016</u>	<u>\$ 11,336</u>	<u>\$ 10,016</u>
\$ -	\$ 1,885	\$ 2,040	\$ 2,210	\$ 1,460	\$ 1,550	\$ 1,650
3,582	3,518	3,099	3,558	3,451	3,437	3,620
<u>\$ 3,582</u>	<u>\$ 5,403</u>	<u>\$ 5,139</u>	<u>\$ 5,768</u>	<u>\$ 4,911</u>	<u>\$ 4,987</u>	<u>\$ 5,270</u>
4.19	2.85	2.76	2.54	2.85	2.27	1.90
\$ 9,205	\$ 5,963	\$ 10,187	\$ 22,664	\$ 17,164	\$ 10,714	\$ 14,714
1,508	1,743	3,391	2,570	2,576	4,184	7,068
<u>\$ 7,697</u>	<u>\$ 4,220</u>	<u>\$ 6,796</u>	<u>\$ 20,094</u>	<u>\$ 14,588</u>	<u>\$ 6,530</u>	<u>\$ 7,646</u>
\$ 1,332	\$ 1,513	\$ 1,839	\$ 3,209	\$ 2,660	\$ 2,718	\$ 3,964
1,906	2,130	2,067	2,081	1,633	1,794	2,405
<u>\$ 3,238</u>	<u>\$ 3,643</u>	<u>\$ 3,906</u>	<u>\$ 5,290</u>	<u>\$ 4,293</u>	<u>\$ 4,512</u>	<u>\$ 6,369</u>
2.38	1.16	1.74	3.80	3.40	1.45	1.20
\$ -	\$ 23,075	\$ 44,376	\$ 32,417	\$ 35,261	\$ 18,319	\$ -
-	150	320	310	305	747	-
<u>\$ -</u>	<u>\$ 22,925</u>	<u>\$ 44,056</u>	<u>\$ 32,107</u>	<u>\$ 34,956</u>	<u>\$ 17,572</u>	<u>\$ -</u>
\$ -	\$ 12,605	\$ 26,145	\$ 27,155	\$ 28,450	\$ 110,990	\$ -
-	7,428	9,029	7,733	6,436	-	-
<u>\$ -</u>	<u>\$ 20,033</u>	<u>\$ 35,174</u>	<u>\$ 34,888</u>	<u>\$ 34,886</u>	<u>\$ 110,990</u>	<u>\$ -</u>
-	1.14	1.25	0.92	1.00	0.16	-

Demographic and Economic Statistics

Population and Per Capita Personal Income

Last Ten Calendar Years

(Expressed in Thousands)

Year	Population			
	United States	% Growth From Previous Year	Connecticut	% Growth From Previous Year
2000	282,193	1.13%	3,412	0.8%
2001	285,108	1.03%	3,432	0.6%
2002	287,985	1.01%	3,458	0.8%
2003	290,850	0.99%	3,486	0.8%
2004	293,657	0.97%	3,499	0.4%
2005	296,410	0.94%	3,510	0.3%
2006	298,217	0.61%	3,505	-0.1%
2007	301,140	0.98%	3,455	-1.4%
2008	301,600	0.15%	3,406	-1.4%
2009	304,060	1.96%	3,501	-0.1%
2010	308,746	2.53%	3,574	3.4%

Notes: Personal Income for 2010 is based on third quarter estimates.

The Connecticut Population for 2006 is estimated.

Sources: U.S. Census Bureau, U.S. Bureau of Economic Analysis

U.S. Population-<https://www.cia.gov/library/publications/the-world-factbook/print/us.html>

Demographic and Economic Statistics

Employment Information

Last Ten Calendar Years

(Expressed in Thousands)

Year	United States Labor Force			
	Civilian Labor force	Employed	Unemployed	Unemployment Rate
2000	142,583	136,891	5,692	4.0%
2001	143,734	136,933	6,801	4.7%
2002	144,863	136,485	8,378	5.8%
2003	146,510	137,736	8,774	6.0%
2004	147,401	139,252	8,149	5.5%
2005	149,321	141,730	7,591	5.1%
2006	151,428	144,427	7,001	4.6%
2007	153,283	146,140	7,143	4.7%
2008	154,390	145,891	8,499	5.5%
2009	154,926	140,196	14,729	9.5%
2010	153,741	139,119	14,623	9.5%

Sources: U.S. Department of Labor

Personal Income		Per Capita Personal Income		
United States	Connecticut	United States	Connecticut	% Above the United States
\$ 8,422,074,000	\$ 141,570,257	\$29,845	\$41,492	39.0%
\$ 8,716,992,000	\$ 147,355,655	\$30,574	\$42,936	40.4%
\$ 8,872,871,000	\$ 146,997,439	\$30,810	\$42,509	38.0%
\$ 9,150,908,000	\$ 148,975,390	\$31,463	\$42,735	35.8%
\$ 9,717,173,000	\$ 158,895,963	\$33,090	\$45,412	37.2%
\$ 10,224,761,000	\$ 166,807,307	\$34,495	\$47,523	37.8%
\$ 11,180,604,000	\$ 177,997,159	\$37,492	\$50,784	35.5%
\$ 11,867,043,000	\$ 192,569,668	\$39,407	\$55,737	41.4%
\$ 12,002,122,000	\$ 197,006,000	\$39,795	\$57,841	45.3%
\$ 12,083,900,000	\$ 194,767,000	\$39,742	\$55,632	40.0%
\$ 12,590,671,000	\$ 199,383,000	\$40,780	\$55,787	36.8%

Connecticut Labor Force			
Civilian Labor force	Employed	Unemployed	Unemployment Rate
1,785	1,743	42	2.3%
1,775	1,705	70	3.9%
1,802	1,712	90	5.0%
1,797	1,699	98	5.5%
1,793	1,711	82	4.6%
1,801	1,709	92	5.1%
1,835	1,760	75	4.1%
1,876	1,795	81	4.3%
1,897	1,795	102	5.4%
1,879	1,731	147	7.8%
1,887	1,721	166	8.8%

Demographic and Economic Statistics

Top Ten Employers

Current Year and Ten Years Ago

<u>NAME</u>	<u>2010</u>			<u>2000</u>		
	<u>Employees</u> <u>in CT</u>	<u>Percentage</u> <u>of State</u> <u>Employment</u>	<u>Rank</u>	<u>Employees</u> <u>in CT</u>	<u>Percentage</u> <u>of State</u> <u>Employment</u>	<u>Rank</u>
United Technologies Corp.	27,050	1.6%	1	24,500 (2)	1.4%	-
Yale University	18,004	1.0%	2	10,243	0.6%	5
Stop & Shop Cos., Inc.	13,574 (1)	0.8%	3	15,400	0.9%	1
Hartford Financial Services	11,300	0.7%	4	11,000	0.6%	4
Wal-Mart Stores, Inc.	9,204 (1)	0.5%	5	0	0.0%	-
Mohegan Sun Casino	8,800	0.5%	6	6,000	0.3%	16
General Dynamics Electric Boat	8,200	0.5%	7	7,300	0.4%	12
Yale New Haven Hospital	8,092	0.5%	8	5,500	0.3%	19
Foxwoods Resort Casino	7,672	0.4%	9	13,202	0.8%	2
Aetna Inc.	7,231	0.4%	10	7,800	0.4%	10
Total	119,127	6.9%		100,945	5.7%	

Sources: Hartford Business Journal (HBJ)- June 2010

(1) Omitted from the 2009 HBJ survey. The number equals the employees reported by HBJ in 2008.

(2) The number equals the headcounts of busness units before consolidation as UTC.

State Employees by Function

Last Six Fiscal Years

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Primary Government						
Legislative	665	668	695	701	713	706
General Government	3,645	3,654	3,783	3,897	3,811	3,630
Regulation and Protection	4,196	4,258	4,324	4,384	4,271	4,088
Conservation and Development	1,296	1,302	1,306	1,356	1,388	1,293
Health and Hospital	7,668	7,774	7,841	7,984	4,138	3,925
Transportation	3,053	3,131	3,198	3,256	3,139	3,070
Human Services	1,847	1,891	1,969	2,046	1,982	5,175
Education, Libraries, and Museums	18,874	19,375	19,619	20,219	20,126	20,225
Corrections	9,738	9,797	9,927	10,116	10,034	9,539
Judicial	<u>4,297</u>	<u>4,381</u>	<u>4,457</u>	<u>4,628</u>	<u>4,567</u>	<u>4,601</u>
Total Number of Employees - Primary Government	<u>55,279</u>	<u>56,231</u>	<u>57,119</u>	<u>58,587</u>	<u>54,169</u>	<u>56,252</u>

Note: This information was not available prior to 2005. The number of employees excludes job classes such as contractors, intermittent, durational, seasonal, trainee, temporary and part-time employment.

Operating Indicators by Function

Last Seven Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Legislative</u>								
Office of Legislative Management								
Number of Public and Special Acts	259	310	267	319	206	256	200	270
Number of Amendments Drafted	2,840	2,359	2,614	2,102	2,040	2,977	2,853	3,889
<u>General Government</u>								
Office of the State Treasurer								
Percentage of Disbursements made Electronically	30.2%	43.4%	51.5%	56.7%	56.2%	64.2%	69.0%	68.8%
Number of Unclaimed Property Claims Paid	12,665	13,368	11,938	11,985	22,732	20,930	16,787	14,481
Department of Revenue Services								
Percentage of Income Tax Returns Filed Electronically	n/a	n/a	45.0%	54.0%	67.0%	70.2%	72.4%	70.5%
Revenue Collected per \$1 of Agency Expense	\$156	\$163	\$191	\$202	\$202	\$207	\$207	\$178
Department of Public Works								
Number of Construction Contracts Awarded	22	17	25	27	34	28	13	20
State Floor Space Owned and Leased	9,843,368	9,456,479	8,882,469	8,656,234	8,621,174	8,713,211	8,770,901	8,651,460
<u>Regulation and Protection</u>								
Department of Public Safety								
Number of Background Checks - Firearms	18,786	34,816	40,508	38,672	35,159	64,766	29,693	44,632
Number of Fingerprint Checks for CT/Pd's	129,538	121,849	118,717	107,056	122,193	258,111	178,379	165,603
Department of Motor Vehicles								
Number of Registered Motor Vehicles	2,900,000	2,950,000	3,020,000	3,078,000	3,040,000	3,015,867	3,016,521	3,002,772
Number of Licensed Drivers	2,300,000	2,430,000	2,300,000	2,460,000	2,400,000	2,848,602	2,883,324	2,916,143
Department of Labor								
Number of Initial Unemployment Claims	297,205	282,736	248,109	222,770	222,553	215,404	261,400	326,179
Number of Persons Using Employment Service (1)	57,198	49,183	54,915	61,103	116,100	140,922	170,701	211,613
<u>Conservation and Development</u>								
Department of Environmental Protection								
Nitrogen Discharged into Long Island Sound (2)	12,500	12,100	11,607	11,208	10,940	10,558	9,100	8,400
Attained Goal of Open Space (3)	72.0%	75.2%	77.4%	77.6%	77.8%	78.0%	78.0%	79.0%
Department of Agriculture								
Number of Farmers Participating in Farmers Market	119	140	175	180	220	280	350	n/a
<u>Health and Hospitals</u>								
Department of Public Health								
Number of Tuberculosis Cases Identified	121	112	111	105	105	108	98	95
Number of Licenses Applications - New	11,883	11,141	11,592	12,914	12,750	15,439	12,595	12,964
Number of Licenses Applications - Renewal	139,297	143,777	145,985	136,069	133,887	140,973	123,014	149,818
Department of Developmental Services								
Number of Qualified Providers	143	136	132	127	161	184	176	188
Number of Persons Served in Various Programs	19,921	20,399	20,148	19,997	20,256	15,148	15,270	15,390
<u>Human Services</u>								
Department of Social Services								
Number of Medicaid Eligible Clients	354,944	385,518	393,998	403,972	399,635	392,179	409,960	434,480
Temp Family Assistance Average Caseload	26,234	24,404	24,658	24,104	22,556	21,124	20,203	20,862
Child Care Number of Children Served	32,400	26,974	19,799	18,920	21,440	22,523	21,422	18,204
<u>Education</u>								
Department of Higher Education								
Number of Degrees Conferred - Statewide	30,498	32,499	33,659	34,582	35,694	36,045	36,634	38,047
Enrollment - Statewide	169,739	170,597	172,631	174,257	176,542	178,855	184,544	191,134

Operating Indicators by Function

Last Seven Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>Transportation</u>								
Department of Transportation								
Active Construction Projects	122	212	190	181	159	175	212	281
Miles of Road Resurfaced	319	310	362	305	191	218	265	215
Estimated Billions of Persons Using Roadways	4.081	4.118	4.154	4.191	4.228	4.265	4.302	4.399
<u>Corrections</u>								
Department of Corrections								
Incarcerated Population	18,295	19,271	18,837	18,390	18,352	18,970	19,482	19,204
Direct Daily Inmate Expenditures	\$74	\$73	\$76	\$81	\$84	\$86	\$90	\$92
<u>Judicial</u>								
Judicial Branch								
Number of Superior Court Cases Filed	567,696	535,158	536,501	517,836	542,655	547,354	570,497	563,572
Average Number of Supervised Probationers	52,320	54,315	57,516	56,145	58,117	57,597	56,500	56,555

(1) The department of Labor assists individuals in job search, resume preparation, etc.

(2) Average annual number of tons

(3) Percentage of accomplished State goal to acquire 320,957 acres of open space

n/a = statistic not available at time of publication

Capital Asset Statistics by Function

Last Eight Fiscal Years

Function	Asset	2003	2004	2005
Legislative	Total	169,205	169,586	170,236
	Buildings	156,802	156,802	156,802
	Equipment	12,403	12,784	13,434
General Government	Total	1,061,936	915,339	649,856
	Land	108,157	106,097	142,117
	Construction in Progress	460,271	336,502	136,592
	Buildings	251,678	312,970	172,778
	Improvements Other than Buildings	4,947	17,369	48,740
	Equipment	236,883	142,401	149,629
Regulation and Protection	Total	398,591	404,200	404,080
	Land	9,971	9,971	9,971
	Buildings	182,904	189,603	192,720
	Improvements Other than Buildings	13,036	13,402	15,620
	Equipment	192,680	191,224	185,769
Conservation and Development	Total	496,022	510,811	396,141
	Land	304,832	314,487	186,985
	Buildings	90,516	92,128	101,792
	Improvements Other than Buildings	55,122	58,716	60,629
	Equipment	45,552	45,480	46,735
Health and Hospital	Total	262,379	264,505	280,546
	Land	6,833	7,624	7,653
	Buildings	205,623	203,328	222,456
	Improvements Other than Buildings	15,884	15,328	15,133
	Equipment	34,039	38,225	35,304
Transportation	Total	11,997,362	12,646,864	13,446,989
	Land	416,209	473,967	893,160
	Construction in Progress	1,276,607	1,335,433	1,244,525
	Buildings	356,873	478,750	507,662
	Improvements Other than Buildings	156,036	230,308	280,065
	Equipment	574,229	586,292	592,481
	Infrastructure	9,217,408	9,542,114	9,929,096
Human Services	Total	18,811	18,018	15,149
	Equipment	18,811	18,018	15,149
Education, Libraries, and Museums	Total	387,002	376,740	404,412
	Land	43,935	1,027	1,027
	Buildings	222,395	222,395	245,279
	Improvements Other than Buildings	8,060	8,060	8,060
	Equipment	112,612	145,258	150,046
Corrections	Total	944,305	947,479	1,052,584
	Land	10,351	10,319	11,388
	Buildings	816,261	823,300	916,294
	Improvements Other than Buildings	56,500	57,080	59,275
	Equipment	61,193	56,780	65,627
Judicial	Total	334,250	358,862	359,114
	Land	11,467	11,467	11,467
	Buildings	256,163	277,774	277,774
	Improvements Other than Buildings	1,805	1,805	1,805
	Equipment	64,815	67,816	68,068
Total Capital Assets at Historical Cost		16,069,863	16,612,404	17,179,107
Total Accumulated Depreciation		(6,537,926)	(6,993,537)	(7,538,788)
Governmental Activities, Capital Assets, Net		9,531,937	9,618,867	9,640,319

Note: The State implemented GASB statement 34 for fiscal year 2002. However, the information for FY 2002 is not available.

2006	2007	2008	2009*	2010
169,165	168,585	170,185	168,584	168,349
156,802	156,802	158,449	156,585	156,585
12,363	11,783	11,736	11,999	11,764
750,105	940,122	1,060,383	1,154,135	1,218,961
152,290	156,894	158,454	160,947	180,404
113,739	330,272	386,317	379,176	331,767
271,169	201,892	206,930	244,017	297,601
51,319	51,319	51,319	54,768	54,763
161,588	199,745	257,363	315,227	354,426
407,636	393,026	392,819	376,832	395,028
9,971	9,930	9,980	8,823	8,837
192,720	210,729	201,412	201,776	209,095
15,608	16,107	26,580	17,076	17,181
189,337	156,260	154,847	149,157	159,915
406,522	441,614	460,286	475,504	571,685
189,754	221,438	233,759	248,585	345,121
104,456	106,053	107,762	104,476	104,548
61,522	62,957	63,699	63,340	65,650
50,790	51,166	55,066	59,103	56,366
291,535	301,903	291,844	300,135	304,608
7,587	7,587	6,892	6,913	6,911
233,343	234,072	224,808	222,123	224,682
16,922	17,013	16,767	26,061	27,094
33,683	43,231	43,377	45,038	45,921
13,845,896	14,333,229	15,043,055	15,637,149	16,236,808
902,133	925,204	958,763	942,688	993,751
1,544,958	1,629,903	956,131	973,326	1,387,610
438,355	467,737	479,255	466,452	481,206
246,032	246,088	246,664	247,521	246,075
636,398	620,978	772,476	740,699	572,385
10,078,020	10,443,319	11,629,766	12,266,463	12,555,781
13,705	11,478	13,807	13,809	14,441
13,705	11,478	13,807	13,809	14,441
425,930	458,586	517,232	570,910	773,831
1,027	1,027	1,027	1,027	1,027
263,280	294,811	350,948	406,118	608,276
8,060	8,060	8,079	8,200	8,211
153,563	154,688	157,178	155,565	156,317
940,306	1,059,023	964,442	978,850	975,787
20,388	20,388	19,351	10,351	10,351
809,175	812,869	721,522	737,481	740,705
48,581	51,331	48,863	51,437	50,793
62,162	174,435	174,706	179,581	173,938
384,345	389,968	394,221	439,743	454,167
11,467	11,616	11,616	14,616	15,648
299,165	303,080	303,080	343,153	351,821
1,755	1,755	1,755	1,767	1,657
71,958	73,517	77,770	80,207	85,041
17,635,145	18,497,534	19,308,274	20,115,651	21,113,665
(7,880,552)	(8,545,550)	(9,280,140)	(9,921,291)	(10,539,464)
9,754,593	9,951,984	10,028,134	10,194,360	10,574,201

* Restated for comparison purposes.

Office of the State Comptroller Organization

Nancy Wyman
State Comptroller

Mark E. Ojakian
Deputy Comptroller

FISCAL POLICY DIVISION

Brenda Halpin
Director

ACCOUNTS PAYABLE DIVISION

Mark Aronowitz
Director

RETIREMENT SERVICES DIVISION

Mark E. Ojakian
Director

HEALTHCARE POLICY & BENEFIT DIVISION

Thomas Woodruff
Director

PAYROLL SERVICES DIVISION

Gary Reardon
Director

BUDGET & FINANCIAL ANALYSIS DIVISION

John Clark
Director

Accounting Services

Gerardo Villa, CPA
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Richard DePaolis
Nancy Walsh
Julie Wilson
Christopher Bacon
Anthony Torcia
Thomas Deasy
Richard Haley
Joann Lacaria
Yvette Jenkins
Uma Prasad
Brian Connery
Sylvia Caraballo